UK education

One bureaucracy replaces another

Page 12

Yugoslav refugees

UN chief outlines the options

Page 2

Earth Summit

Waste of time or worthwhile forum

Page 10

Somalia

A logistical labyrinth

NEWSPAPER of THE YEAR

FINANCIAL TIMES

Wednesday July 29 1992 EUROPE'S BUSINESS NEWSPAPER D8523A

Allied-Lyons and Carlsberg press on with merger

Allied-Lyons and Carlsberg indicated that the £510m ($983m) merger of their UK brewing operations would go ahead after modifications to meet the demands of the Monopolies and Mergers Commission. The MMC has outlined several stipulations before the deal between the UK drinks, food and retailing group and the Danish brewer can proceed. Page 15; Lex, Page 14

Vote of confidence: Italy's month-old government is to put its emergency economic package to a vote of confidence in the Chamber of Deputies today. Defeat could mean the fall of the four-party coalition. Page 2

Allianz shares fell by 3 per cent when the German insurance group reported flat net profits for last year and the first-ever loss on its mainstream underwriting business. Page 15

Wall Street: The Dow Jones index ended 51.87 ahead at 3,334.07 – up 1.6 per cent – largely thanks to an unexpectedly strong second-quarter earnings report from Chrysler and a sharp advance in the bond market. World stocks, Page 36; Chrysler results, Page 15

Somalia airlift: The UN Security Council has approved an emergency relief airlift for millions of starving Somalis cut off by civil war from food and medicine. Harsh dilemma, Page 3

Upset for American swimmers: Matt Biondi, America's hero in the 1988 Olympics in Seoul, lost his 100m freestyle title when he was beaten into fifth place by Alexander Popov of the Unified team. Red-hot favourite Janet Evans of the US, world record holder in the 400m freestyle, was also defeated, when Dagmar Hase of Germany made up a near one-second deficit in the final 50m to push the American into silver medal position. Meanwhile, Barcelona was sweltering in a heatwave, with pollution levels soaring. Olympic coverage, Page 8

Barcelona '92

German economy: Engineers, retailers and economists warned that the expected recovery would be delayed, placing most of the blame on the Bundesbank's high interest rates policy. Page 14

EC Vat deal: John Major, UK prime minister, vigorously defended Britain's agreement to an EC minimum rate of value added tax against charges from within his own party that the deal undermined Britain's sovereignty. Page 14; Interim agreement, Page 2; Editorial comment, Page 12

British Aerospace chairman John Cahill is expected to unveil next month his recovery strategy aimed at refocusing the group on its profitable core military aircraft and Airbus activities. Page 15; Lex, Page 14

Bush defends trade pact: President Bush defended the planned North American free trade agreement between the US, Canada and Mexico, saying he would not "back down" in face of public or Democratic party opposition. Page 4

Tenneco, Houston-based conglomerate in the throes of restructuring, reported a sharp improvement in second-quarter profitability. Page 16

Fraud trial criticised: Britain's Blue Arrow fraud trial was a "costly disaster" for which both the trial judge and the Serious Fraud Office were responsible, according to the appeal court. Page 14

EC to take syndicated loan: The EC is to tap the international syndicated loans market with a three-year Ecu500m ($675m) facility to pay for agricultural and medical imports by the former Soviet republics. Page 17

Kuwait crackdown: Kuwait's National Council endorsed a controversial law giving police wide powers to search for illegal weapons hoarded since the Iraqi invasion of 1990.

Wharf Holdings, Hong Kong-based conglomerate, is to invest a fifth of its net assets in a multi-billion-dollar project to transform the central Chinese city of Wuhan, largely through a containerisation centre. Page 4

Renault and Peugeot, French carmakers, announced a co-operation accord to help the development of electric cars. Page 17

The debt decade: Ten years ago, Latin America precipitated an international debt crisis that threatened the stability of the industrialised world. Tomorrow, a Financial Times special report examines the aftermath and the lessons.

■ STOCK MARKET INDICES		
FT-SE 100	2,373.4	(+25.4)
Yield	5.15	
FT-SE Eurotrack 100	1,058.38	(+1.40)
FT-A All-Share	1,133.89	(+0.9%)
FT-A World Index	136.02	(+1.0%)
Nikkei	15,426.64	(+53.30)
New York:		
Dow Jones Ind Ave	3,334.07	(+51.87)
S&P Composite	417.52	(+5.98)
■ US CLOSING RATES		
Federal Funds:	3[illegible]%	(3¼%)
3-mo Treas Bills: Yld	3.25%	(3.259%)
Long Bond	106[illegible]	(105[illegible])
Yield	7.427%	(7.513%)
■ LONDON MONEY		
3-mo Interbank	10[illegible]%	(10[illegible]%)
Liffe long gilt future:	Sep 98[illegible]	(Sep 98[illegible])
■ NORTH SEA OIL (Argus)		
Brent 15-day (Aug)	$20.76	(20.575)
■ Gold		
New York Comex (July)	$358.9	(357.9)
London	$358.45	(358.0)

■ STERLING		
New York:		
$	1.931	(1.919)
London:		
$	1.9285	(1.9155)
DM	2.8425	(same)
FFr	9.605	(9.5925)
SFr	2.515	(same)
Y	246	(244.5)
£ Index	92.4	(92.3)
■ DOLLAR		
New York:		
DM	1.473	(1.48085)
FFr	4.978	(5.002)
SFr	1.30365	(1.31)
Y	127.4	(127.45)
London:		
DM	1.474	(1.4835)
FFr	4.98	(5.0075)
SFr	1.3035	(1.3135)
Y	127.6	(127.7)
$ Index	60.3	(60.5)
Tokyo close Y 127.35		

Austria	Sch30	Hungary	Ft162	Malta	Lm0.50	S.Arabia	SR9.00		
Bahrain	Din1 000	Iceland	IKr180	Morocco	MDh11	Singapore	S$4.10		
Belgium	BFr60	India	Rs20	Neth	Fl 3.50	Spain	Pta200		
Cyprus	C£1.00	Indonesia	Rp3800	Nigeria	Naira20	Sweden	SKr14		
Czech	Kcs35	Israel	Shk6.50	Norway	NKr15.00	Switz	SFr3.00		
Denmark	DKr14	Italy	L2500	Oman	OR1.20	Thailand	Bht50		
Egypt	E£4.00	Jordan	JD1.20	Pakistan	Rs35	Tunisia	Din1.000		
Finland	FM10	Korea	Won 2500	Philippines	Pso45	Turkey	L6000		
France	FFr8.50	Kuwait	Fils 500	Poland	Zl 18,000	UAE	Dh9.00		
Germany	DM3.30	Lebanon	US$1.25	Portugal	Es190				
Greece	Dr250	Lux	LFr60	Qatar	QR10.00				

Germany renews call for quota system to share burden of support

Sanctuary plea to UN for refugee Yugoslavs

By Frances Williams and Robert Mauthner in Geneva and Quentin Peel in Bonn

THE 31 countries attending a United Nations conference in Geneva on refugees from the former Yugoslavia will be urged today to offer "temporary protection" to those fleeing to neighbouring states.

Refugees needed to be given temporary refuge and ought not to be put through the normal political asylum interrogation procedure, Mrs Sadako Ogata, high commissioner for refugees, said in an interview with the Financial Times yesterday.

"What the refugees want is temporarily to be taken into a safe area. There may be people who are seeking permanent asylum, but what we are asking for is for the countries to give them authorisation for a temporary stay."

Mrs Ogata was unenthusiastic about proposals that countries should agree to a refugee quota system. She said a quota system never offered protection to anything like the number of people who were seeking it. "If you end up taking 100,000, what happens to the rest of the people?" However, Germany was continuing to urge other EC states yesterday to agree on refugee quotas, in order to share the burden of supporting those trying to flee the fighting.

Mr Klaus Kinkel, the German foreign minister, said in a radio interview that every effort had to be made to house refugees in more countries across Europe, not simply in those geographically closest to the fighting.

"We must now try to share out this burden," he said. "It cannot be right that we take in 200,000 refugees, and other EC countries have practically nobody."

In addition to aiding those forced to leave their homes, the United Nations High Commission for Refugees is trying to get relief supplies to more than 850,000 people in Sarajevo and three other Bosnian towns – Bihac, Tuzla and Gorazde – under siege by Serbian irregulars.

UN officials are hoping that EC wrangling over burden-sharing will not detract from the main aims of the one-day conference, to be attended by ministers and top officials. These are to mobilise international support for the humanitarian effort and prod governments towards finding a lasting political settlement.

Mrs Ogata also expressed scepticism over proposals for Kurdish-style enclaves within the former Yugoslavia. Siting enclaves outside safe parts of the region, for instance in Bosnia-Hercegovina, would pose serious problems in ensuring refugee safety.

The UNHCR will argue that the main need is to protect and assist refugees within the region. "Most refugees don't want to go far away from their homes," Ms Sylvana Foa of UNHCR said.

Of the estimated 2.3m people who have fled their homes since the conflict began last year, almost 1.9m remain within the borders of the former Yugoslavia.

Ogata hoists UN flag, Page 2
Peace hopes fade, Page 2

A US Navy Intruder aircraft prepares for a training flight from the deck of the carrier Saratoga which is in the Adriatic to enforce the UN embargo on Serbia and Montenegro

$2.5bn bid by former KIO head in Spain

By Peter Bruce in Madrid

MR Javier de la Rosa, the Catalan financier who was an investment partner with the Kuwait Investment Office in Spain for six years until last month, has offered to create a consortium to buy Grupo Torras, the holding company for the KIO's vast property and industrial empire in Spain, for $2.5bn.

A provisional offer was made to the Kuwaiti finance minister, Mr Nasser al-Rawdan, nearly two weeks ago, bypassing the KIO in London, whose relations with Mr De la Rosa have become increasingly strained in the last six weeks.

Mr De la Rosa could not be reached for comment yesterday. The offer, the details of which were given to the FT in London, requires an informal response this week. Mr Ali Rashaid al-Bader, the president of the KIO, declined to say if he was considering it.

He is on holiday in France. The bid is a direct challenge to the new management of the KIO, which, since taking office in May, has indirectly accused him and former KIO leaders of mismanaging Kuwait's assets in Spain. It also coincides with growing evidence that the KIO wants to sell most, if not all, of its Spanish portfolio.

The offer creates a dilemma for the KIO, already the focus of a power struggle among the Kuwaiti governing elite ahead of elections promised for October. If it does not accept, it may tacitly concede that Torras is worth more than $2.5bn and thus risk supporting the view of former managers that the Spanish assets are fundamentally sound.

Since the mid-1980s, the KIO has spent $3.7bn (£1.93bn) buying Spanish companies and creating its biggest chemicals, foods and paper groups, and one of its most dynamic property developers.

But the KIO assets have been shaken by the collapse of the chemicals division, Ercros. It filed for protection from creditors earlier this month owing more than $2bn after KIO refused to inject fresh capital into its troubled fertiliser operations. Banks are calling loans in early from other Torras affiliates, and stock

Continued on Page 14

Future disputes with Iraq likely, says US

By George Graham in Washington

FUTURE confrontations with Iraq's president Saddam Hussein are almost certain, US administration and congressional leaders said yesterday, even though immediate military action is no longer likely after the return of a United Nations inspection team to Baghdad.

"I think it's pretty predictable that it's going to happen. We just don't know when it's going to happen," said Senator Robert Dole, Republican leader in the Senate, after a meeting with President George Bush yesterday.

Democratic congressional leaders, who also attended yesterday morning's White House meeting, promised full support for the president in any future confrontation.

The US has been preparing for a future showdown by shifting its focus away from the latest dispute over UN access to the Baghdad agriculture ministry, and towards the issue of Mr Saddam's attacks on the Shia population in southern Iraq.

US officials are reported to have urged the Security Council to test the degree to which Mr Saddam is now willing to offer full access to UN inspectors by speeding up planned inspections. Meanwhile, Mr James Baker, the secretary of state, is due to meet Iraqi opposition leaders in Washington this week in the administration's most overt show of support for anti-Saddam groups.

Administration officials have also emphasised the plight of the Iraqi population, especially in the southern marshes. They say Mr Saddam's forces have been razing villages, damming waterways which feed the marshes, and may have used biological and chemical toxins to poison the water.

The State Department has explicitly warned that Iraqi aircraft attacking the Shia population are violating the ceasefire terms Mr Saddam accepted to end the Gulf war last year.

These aircraft would offer a tempting target for military action against the Baghdad regime, in part because the administration would be able to claim concrete results by stopping the bombardment of the Shia population.

While air strikes might well hit other targets, such as weapons factories or electrical plants, Mr Saddam could still shrug off the effects and continue, in effect, to thumb his nose at the allies.

The threat of force intensified on Monday after reports that the Pentagon had sent additional Patriot anti-missile missiles to Kuwait and ordered an extra aircraft carrier to be ready to sail towards the Gulf.

But Mr Dick Cheney, the US defence secretary, said yesterday: "I sense people are ratcheting this up more than it deserves. I think we'll have to wait and see."

For Mr Bush, his policy towards Iraq carries risks on both sides: he remains vulnerable to charges that his administration was unnecessarily cosy with Mr Saddam before the invasion of Kuwait in 1990, and also to popular, if arguably unjust perceptions that he failed to finish the job by following up Desert Storm with a march on Baghdad.

Failure to act carries the risk of appearing impotent in the face of the man Mr Bush calls "the Baghdad bully". Mr Bush's military advisers have repeatedly warned him, however, that they cannot guarantee Mr Saddam's removal without deploying a land force much larger even than that gathered for Desert Storm – an option which is neither domestically nor internationally feasible.

Mr Bush yesterday won the assurance of congressional leaders that they would back him in any showdown with Baghdad, and his Democratic opponent in the presidential election, Governor Bill Clinton, has also offered full support.

But that is unlikely to immunise Bush from criticism if Mr Saddam is as successful in future showdowns.

Tokyo warns that domestic recovery will be 'modest'

By Robert Thomson in Tokyo

STRONGER EXPORT demand caused Japanese industrial production to rise 2.1 per cent in June, compared with a month earlier, but the Ministry of International Trade and Industry said there was no sign of domestic economic recovery.

Meanwhile, the Economic Planning Agency released an annual white paper on the economy in which it predicted that a recovery was likely late this year or early next year, but warned that the upturn would be "modest".

The EPA is officially forecasting 3.5 per cent economic growth for the year to end March 1993, but has unofficially accepted that this is out of reach and that 2.5 per cent growth is more likely. Private forecasts suggest growth will be 2 per cent or less.

In arguing that Japanese banks do not face a crisis in covering problem loans estimated modestly at Y7,000bn ($56bn) to Y8,000bn, the EPA admitted that "it is likely that the settlement of these bad loans may take several years in the medium-run" and, meanwhile, "profits may be somewhat depressed".

The EPA also released a monthly report in which it said personal consumption growth was slowing, contradicting the white paper in which it said consumption would remain steady, if not expand. The agency noted that the inventory to sales index in May stood at 110.3, the highest level since 1975.

Miti said the seasonally adjusted production index in June for the mining and manufacturing sectors was at 120.9, compared to a 1985 base of 100, while the shipment index rose 1.9 per cent to 123.2 and the inventory index increased 0.8 per cent to 123.5

Confirmation that Japanese manufacturers are increasing their exports to compensate for a slow domestic market came from the Japan Foreign Trade Council, which said the 19 largest trading houses reported a 26.2 per cent increase in June export contracts, compared to a year earlier.

The surge in export contracts suggests that Japan's trade surplus, a record $49bn in the first half, will continue to expand, creating further friction in relations with the US and the European Community.

Meanwhile, Japanese government officials were relieved that Tokyo stock prices rose slightly yesterday. Mr Tsutomu Hata, finance minister, said a supplementary budget due to be finalised next month should be enough to turn the market round.

However, Mr Michio Watanabe, deputy prime minister, said companies should be allowed to buy their own shares to bolster Tokyo prices. As a means of supporting the ailing property market, he suggested local governments should increase their land purchases and land taxes be cut.

Nikkei rally, Back Page Section II

CONTENTS

FINANCIAL TIMES © FT No 31,822 Week No 31 LONDON · PARIS · FRANKFURT · NEW YORK · TOKYO

NEWS: EUROPE

Amato puts reform plan to the vote

By Robert Graham in Rome

ITALY'S month-old government is to put its emergency economic package and structural reform programme to a vote of confidence.

Mr Giuliano Amato's four-party government, backed by the Christian Democrats, Socialists, Social Democrats and Liberals, could fall if its 16-seat majority is whittled away by desertions. However, last night ministers appeared confident they would win approval.

The Chamber of Deputies will vote today and the Senate next week.

The vote of confidence has always been on the cards, but Mr Amato decided to resort to this device both to emphasise the urgency of the measures and to avoid lengthy filibustering by opposition deputies. It was disclosed yesterday that 651 amendments and changes had been tabled.

Mr Giovanni Goria, finance minister, yesterday told parliament: "This is a financial package which must be put behind us as soon as possible because the problems we have ahead of us are even more serious."

The package is seeking to raise an extra L30,000bn (£13.67bn) in revenues and spending cuts in order to contain the budget deficit to L150,000bn, equivalent to nearly 11 per cent of gross domestic product.

Also as part of the package are outline proposals for privatisation. The reform of pensions, public health and local government finance, as well as a shake-up of the civil service, will be debated separately. Parliament is being asked to approve these latter measures as a special decree which will then permit the government to work out details on its own.

The government insists speed is essential because it has to prepare the 1993 budget in September. Uncertainties about the state of the current year's budget would make this exercise impossible. Equally, if the government were to fail to obtain a vote of confidence, the government would fall precipitating early elections – a prospect no party relishes.

Also yesterday, Mr Piero Barucci, treasury minister, announced to parliament that the government would revalue the assets of IRI, the main state holding company which has just been converted into a joint stock company. IRI currently has a temporary capital of L1,873bn which represented its previous endowment fund, against debts of more than L60,000bn. Revaluation of its assets would enable it to comply with legislation on the ratio of debts to capital.

"We will revalue the subsidiaries of IRI," he said, "and we will reassure creditors, national and foreign, on the nature of the joint stock company which will be 100 per cent in the hands of the Treasury."

Turkey braced for summer of discontent

By John Murray Brown in Ankara

TURKEY'S 40,000 municipal workers are to strike from tomorrow, bringing cities to a standstill in the first test of the fragile consensus between labour unions and the coalition government.

With wage negotiations deadlocked for 100,000 workers in public sector enterprises, and civil servants protesting against their pay award, Turkey is braced for a summer of industrial unrest.

Labour unrest could prove a stumbling block to the two-party coalition's pledge to lift the restrictive union laws inherited after the 1980 military coup.

The budget is already under pressure, and the cabinet appears divided whether to meet its promises or stick to its inflation targets and risk alienating a key political constituency for both the conservative True Path Party and the Social Democratic Populists.

Last weekend, Mrs Tansu Ciller, chief economics minister, revived her plan for wage indexation, linking wage increases to the inflation rate, which is running at 70 per cent. Union leaders quickly rejected the plan. "She's trying to put a freeze on wages," says Mr Sevket Yilmaz, head of Turk-Is, the main union confederation.

Mrs Ciller criticised the recent award to civil servants, a 30 per cent increase over six months which is estimated to add a third to the government's budget deficit. The recent award for the 500,000 civil servants is estimated to have cost the treasury an additional TL9,000bn ($1.3bn), compared with a targeted budget deficit of TL32,000bn. Agricultural workers were awarded an 86 per cent wage rise. It is unclear how the government proposes to finance the increase.

The unions' case is that wages fell badly behind during the 1980s. The average daily wage is around $3 in state industries. Unions are trying to extend the social security net to compensate for low wages.

Mr Yilmaz says he has the support of Mr Mehmet Mogultay, the SHP labour minister, who has proposed a job security bill requiring an employer to seek court approval before he can make people redundant. This could disrupt the government's privatisation programme. Turkey plans to raise TL5,500bn through sales of state assets in 1992. Bids were submitted last week for 11 state cement companies, a sale expected to raise $350-$400m.

Freedom to restructure the labour force is an important incentive for the many foreign concerns showing interest in Turkey's state asset sales. Overmanning is seen as the main reason for the losses of the 220 state enterprises, which in 1991 came to an estimated TL13,000bn.

The conference on Yugoslav refugee crisis opens today in Geneva

Mrs Sadako Ogata, United Nations High Commissioner for Refugees: "I would hope that the magnitude of the humanitarian solutions and some information on the implication of what is happening might provide governments with the urgent desire to overcome the problem."

Temporary retreats advanced by Ogata

By Robert Mauthner and Frances Williams in Geneva

MRS SADAKO OGATA, United Nations High Commissioner for Refugees, will today preside over one of the most important conferences in a life largely devoted to the promotion of human rights.

The aim of the conference, to be attended by 31 nations, is to tackle the problem of the rapidly growing number of refugees from the former Yugoslavia, now totalling nearly 3.2m including those trapped in Bosnia.

At a time when the military situation on the ground is daily making their situation worse and many neighbouring countries are already claiming they are saturated with Bosnian refugees, Mrs Ogata, a 64-year-old Japanese professor of international relations who has held her current post for less than two years, is the first to admit the task is momentous.

She is nothing if not realistic. No, Mrs Ogata is not proposing any specific solutions to the refugee crisis. "In general, when you call a conference you spend several months or even a year to prepare it and a solution.

"So this is more of an emergency conference to alert the world about what is happening. What I am proposing is not a solution, but a follow-up mechanism to assess needs and how to deal with them."

Stressing that neither funds nor emergency supplies could provide a long-term solution to the refugee crisis in the former Yugoslavia, the High Commissioner says it is up to the participating governments to find political solutions. "I would hope that the magnitude of the humanitarian solutions and some information on the implication of what is happening might provide governments with the urgent desire to overcome the problem."

Mrs Ogata is decidedly unenthusiastic about proposals that countries should agree to a refugee quota system to answer the complaints of those, like Germany, who have criticised their European Community partners for not accepting their fair share of Yugoslav, and particularly Bosnian refugees.

The view of the UNHCR, the organisation which she directs, is that those fleeing the region to "adjacent countries", such as Austria and Hungary, should be offered "temporary protection" by the host country, instead of being put through the normal political asylum interrogation procedure. "What the refugees want is to be taken into a safe area temporarily. There may be people who are seeking permanent asylum, but what we are asking for is for the countries to give them authorisation for a temporary stay."

This, Mrs Ogata points out, is completely different from a quota system, which never offers protection to anything like the number of people who are seeking it. "If you end up taking 100,000, what happens to the rest of the people?"

Though recognising fully that most refugees want to remain either in their own country or somewhere close to home, Mrs Ogata is sceptical about the feasibility of creating "safe havens" on the Iraqi Kurdish model. That would be complicated in a country where the ethnic communities are so widely dispersed and it might encourage, rather than prevent, the widely criticised "ethnic cleansing" process employed by the Bosnian Serbs.

Moreover, who would protect the safe areas? Already overstretched, the UN would end up having to expand its peacekeeping forces even more.

"I would hope that the increased presence of international humanitarian workers like our own would be one way of ensuring a certain safety [for the population in a region]. In the past, though we do not have very many people – about 60 including local staff in Yugoslavia as a whole – the fact that they have moved around has, in certain instances, prevented expulsions. An enhanced activity of that sort is very fragile, but nevertheless something of a safe area infrastructure."

Mrs Ogata admits that the crisis in Yugoslavia is going to cost "an enormous amount of money". But she does not think there is a funding crisis. Part of the money needed will be provided through contributions to the UNHCR, via the UN system. But a substantial proportion of the requirements would have to be supplied through bilateral arrangements between governments and the refugee organisation.

'This is more of an emergency conference to alert the world about what is happening'

The High Commissioner justified her sanguine view of funding by pointing to last year's Kurdish crisis. "We appealed and we were almost fully funded. We received and spent some $220m for bringing back and providing winter accommodation for 1.7m Kurds."

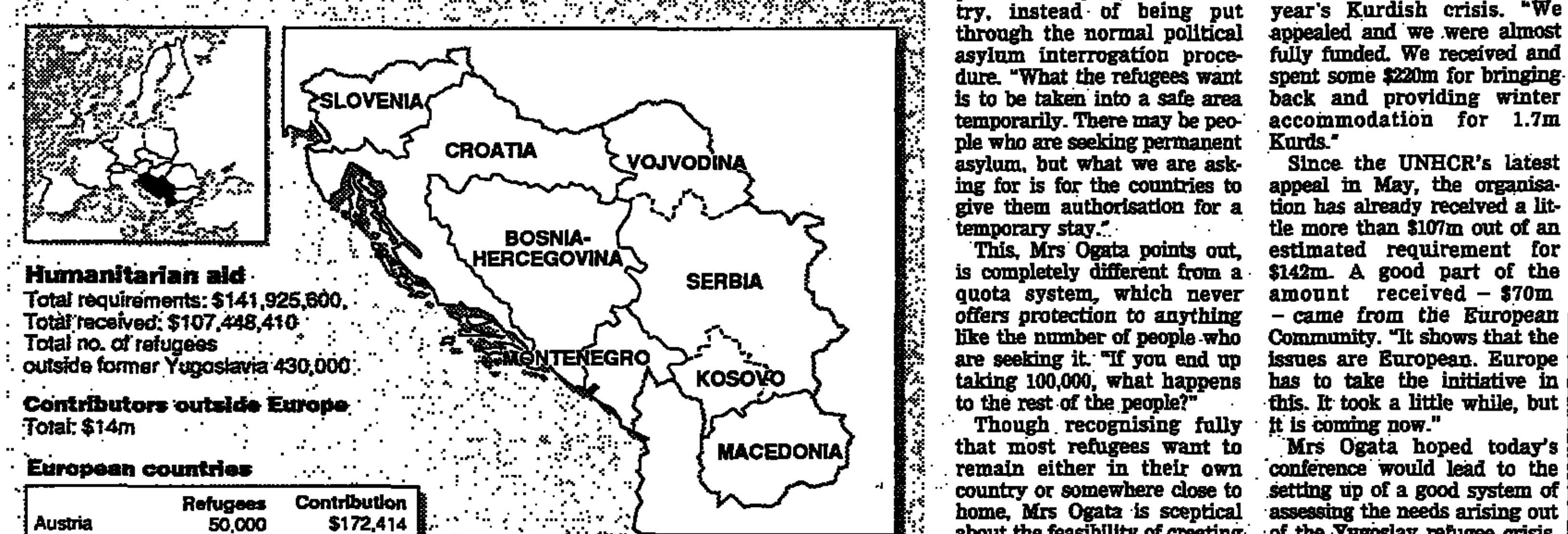
Since the UNHCR's latest appeal in May, the organisation has already received a little more than $107m out of an estimated requirement for $142m. A good part of the amount received – $70m – came from the European Community. "It shows that the issues are European. Europe has to take the initiative in this. It took a little while, but it is coming now."

Mrs Ogata hoped today's conference would lead to the setting up of a good system of assessing the needs arising out of the Yugoslav refugee crisis, as well as an examination of possible solutions such as the proposals for refugee quotas and "safe havens".

Her own idea is to send an assessment mission to the region and she hopes governments attending today's meeting will join this project. "In three to four weeks we should be able to come up with a pretty good paper on what the needs are, while we carry on day-to-day operations. I hope that we might even be able to come up with some kind of proposal for a solution of the refugee crisis in that time span."

But ever realistically cautious, she adds: "That's my hope. There can be no assurance."

Refugee crisis



Humanitarian aid
Total requirements: $141,925,600.
Total received: $107,448,410
Total no. of refugees outside former Yugoslavia 430,000

Contributors outside Europe
Total: $14m

European countries

	Refugees	Contribution
Austria	50,000	$172,414
Belgium	870	
Czecho-Slovakia	1,500	
Denmark	1,637	$2,908,475
Finland	982	$1,178,832
France	1,108	$456,204
Germany	*200,000	$933,642
Hungary	50,000	
Ireland		$175,439
Italy	7,000	$1,136,363
Luxembourg	1,000	$88,235
Netherlands	6,300	$2,111,111
Norway	2,331	$2,273,865
Poland	1,500	
Sweden	44,167	$5,186,058
Switzerland	17,573	$2,915,329
Turkey	15,000	
United Kingdom	1,100	$2,157,088
European Community		$71,464,939
Deutsche Stiftung UNO Fl.		$62,500
Stichting Vluchteling		$100,000
Others	30,000	

Refugees in former Yugoslavia

Present location	From Croatia	From Bosnia Hercegovina	Total
Croatia	261,000	341,500	602,500
UN protected areas in Croatia	69,000		
Serbia	164,172	224,551	388,723
Bosnia	93,000	588,000	681,000
Montenegro	7,500	41,000	48,500
Slovenia	3,000	67,000	70,000
Macedonia	2,500	28,500	31,000
Total	600,172	1,290,551	1,890,723

Source: UNHCR estimates, *including 65,000 unregistered

Milosevic tightens his grip

By Laura Silber in Belgrade

THE Serbian government is trying to push through a package of laws to tighten President Slobodan Milosevic's grip on the republic.

The Socialist-controlled parliament yesterday debated a public order bill, one of many written in secret and proposed to be passed "urgently". Opposition deputies say under this law a Serbian citizen could be sentenced to 20 days in prison for arguing in public. The other laws aimed at clamping down on opposition range from the government's planned takeover of Politika, the Belgrade daily, to a ban on rallies.

In a tactical manoeuvre to head off more unrest, the government said it would amend its proposal to seize control of Politika. Several prominent Socialists have joined opposition deputies in protest. Some 4,000 of the company's workers have also threatened to strike. An important element in Mr Milosevic's rise to power in 1987, Politika has become more independent in recent months.

The government has also proposed a law which would give it effective control over the universities. After most professors and rectors joined student protests in Belgrade earlier this month, the government now claims the right to appoint all university deans and rectors.

Mr Vuk Draskovic, leader of the opposition Serbian Renewal Movement, told journalists the laws were a government attempt to take revenge for mass public protests earlier this summer.

Opposition in Serbia has mounted after the UN imposed sanctions against Yugoslavia, consisting only of Serbia and Montenegro, for backing Serb fighters in Bosnia.

Hopes of breakthrough fade at London talks

HOPES for a breakthrough in Bosnian peace talks in London were fading yesterday, diplomats said, as Bosnia's foreign minister declared he would not negotiate while the streets of his republic were littered with unburied corpses, Reuter reports.

Mr Haris Silajdzic, a Moslem, also effectively rejected the latest EC peace plan, saying the proposed division of the republic would produce ethnic splits "drawn in blood".

EC negotiator Jose Cutileiro was canvassing views at separate meetings with Bosnia's three factions about a constitutional blueprint splitting the republic which is acceptable to Serbs and Croats but not to Moslems. After meeting the mediator, Bosnia's Serbian leader Radovan Karadzic backed the initiative, accused Moslems of breaking a ceasefire and called for face-to-face talks.

Mr Cutileiro, chairing the second day of talks, has put together a formula which includes a tribunal to monitor human rights but the Moslems reject at any carve-up.

NEWS IN BRIEF

Danes to make EC proposals in autumn

DENMARK is to offer this autumn its solution to the crisis in the European Community resulting from its failure to ratify the Maastricht treaty on European union, Prime Minister Poul Schlüter said yesterday, Reuter reports from Copenhagen.

"We shall work for a new basis for the Maastricht treaty so that Denmark can sign the European co-operation pact," he said after a meeting of parliament's EC committee.

Mr Schlüter, a conservative leading a minority two-party coalition, said the government would publish a white paper on Denmark's future role in the EC shortly after the French referendum on Maastricht on September 20.

It would serve as the basis for a proposal to the British presidency of the EC Council of Ministers in October or November, he said.

If Denmark reached an agreement with the EC, Mr Schlüter said, it might then be possible to hold a new Danish referendum.

EC monetary union, defence and European citizenship were controversial issues in the Danish referendum campaign.

Brittan move over 'aid' to ABB

Sir Leon Brittan, the EC competition commissioner, is to recommend that Asea Brown Boveri (ABB), the engineering company, should repay Pta35.9bn ($374m) in illegal state aid to the Spanish government, write Andrew Hill and Reuter in Brussels.

Sir Leon will put his proposal to fellow commissioners on Friday. Commission officials said the case was so sensitive they could not predict the outcome.

A bitter court battle with ABB – which denies it received the aid – and possibly also with Madrid, appears certain to follow any repayment order. ABB was "screaming blue murder" about the threat, said one official.

The Commission claims the aid was granted in the form of forgiveness by Spanish public authorities of debts owed to them by an ailing electrical capital goods group known as CCC when ABB took it over in July 1990, sources said.

They added that Sir Leon was also proposing that ABB should be made to repay Pta1.99bn which it allegedly received from the Madrid government to help cover the cost of making 1,660 employees of the CCC group redundant after the takeover.

Athens transport strike extended

Public transport workers in Athens yesterday extended their strike for at least a week and other unions decided to join them in solidarity, agencies report.

About 5,000 workers at the state bus company marched through central Athens to the Labour Ministry to protest against 1,200 job losses.

The transport ministry used hundreds of army trucks to help the city's commuters but taxis were almost impossible to find and traffic chaotic.

In Brussels, the European Commission dropped its inquiry into allegations that foreign companies were being frozen out of Greek public works contracts after the authorities promised to drop discriminatory practices.

July comes second with 28.6 per cent.

EC members prove out of tune on VAT harmony

Numerous disputes could yet derail five years of talks on bringing indirect tax rates into line, writes **Andrew Hill**

OUZO manufacturers have had a reprieve, angostura bitters are safe and the black beer drinkers of Yorkshire can sleep easily in their beds.

They would be among the myriad beneficiaries of Monday's provisional EC agreement on indirect taxation, which would impose a legally-binding minimum standard rate of value added tax across the Community.

A standard VAT rate – 15 per cent for four years from January 1993 – is the simplest and most prominent of the measures as the agreement is hedged with a series of exemptions and delays, some so tiny as to appear absurd.

Ouzo, for example, would be allowed to retain a reduced VAT rate. Such exemptions are the most obvious symptom of the political wheeling and dealing which has been a feature of indirect tax discussions over the last five years. The horse-trading is not over. Member states are still trying to resolve a number of disputes, any one of which could derail the entire package.

As always in Community affairs, the idea was simple at the outset – to encourage members to harmonise their indirect tax rates as a pre-condition for removing frontier controls on January 1, 1993.

The European Commission figured that if VAT and duties were not brought broadly into line, member governments might maintain controls to prevent shoppers taking advantage of lower rates in neighbouring countries.

In 1987, Lord Cockfield, then internal market commissioner, proposed two rates – a standard rate of 14 to 20 per cent and a lower rate of four to nine per cent. Six categories of goods, including food, water and books, would be eligible for the lower rate.

Indirect tax purists insisted the simplest system would be the best system. Federalists within the Commission saw it as a chance to extend central executive powers over national fiscal sovereignty – one of EC governments' most jealously guarded rights.

Five years on, the provisional agreement would feature a minimum rate within the Commission range, but no maximum and a series of reduced (5 to 15 per cent), "super-reduced" (1 to 4 per cent) and zero rates – applied to 17 categories of goods.

In fact, the purists and federalists were always bound to compromise because Commission proposals on fiscal matters, however trivial, have to be approved unanimously. While that condition remains, it will be difficult to argue that "Brussels" has real power over national fiscal policy.

That is one reason why the provisional agreement leaves the existing system of VAT rates and excise duty in Europe almost unchanged. Many member states had acted or promised to act on a non-binding rates agreement reached in June 1991.

As a result, ministers have been able to set in stone what had already been achieved. Only Germany and Spain will have to raise standard VAT rates, as they had promised; a handful of countries, including Spain, Italy and the Netherlands, will have to increase the price of cigarettes to meet the new harmonised 57 per cent duty; no country will be forced to change its duty on spirits.

Much still remains to be done. Agreement on another VAT directive, which would cover second-hand cars and artworks among other items, has been separated out from the eight-directive package, as has an accord on the rating of gold. Both will involve long and difficult negotiations.

EC companies, meanwhile, are less concerned about the political agreement on rates, than about the earlier, almost unnoticed accord on a transitional system for the collection of VAT, which would last from 1993 to 1997. They say it will greatly add to the administrative burden on businesses.

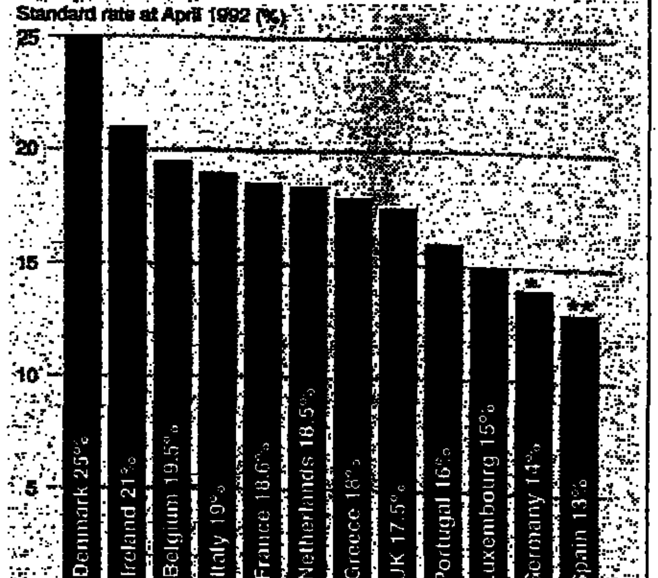
The priority, however, is to achieve formal unanimous approval of Monday's deal. Mr Norman Lamont, the UK chancellor who presided over Monday's meeting, described the package as a "house of cards".

Ironically, until recently, he was thought most likely to bring it tumbling down with British objections to a legally-binding rate.

But the UK's acceptance of that principle now means that other member states, in particular France, could hold the British presidency of the EC to ransom over their particular concerns.

Ministers have given themselves until midnight tomorrow to find a solution allowing all eight directives to be approved unanimously. Only then will the ouzo-makers be able to relax.

VAT rates in the EC



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Mandela strikes conciliatory note on government talks

By Philip Gawith in Johannesburg

MR Nelson Mandela, the African National Congress leader, yesterday toned down the stridency of recent ANC statements but repeated that it would not return to constitutional negotiations until the government met its demands.

These include a curb on political violence, an unambiguous commitment to majority rule and an interim government of national unity.

In an appearance notable for its conciliatory tone, Mr Mandela said the ANC was "keen" that negotiations should resume, but this could only happen when their demands were addressed.

Speaking on his return from a visit to the Olympic games in Barcelona, a trip to the Middle East and last week's special United Nations debate on South Africa, Mr Mandela said next week's general strike, called by the ANC and its trade union ally, the Congress of South African Trade Unions (Cosatu), as part of their mass action campaign, would go ahead.

He stressed that every effort would be made to keep it peaceful and said the ANC was taking precautions against "agents provocateurs" who might incite violence. He expressed the fear that attacks would come from worker hostels in urban townships.

Mr Mandela sharply rebuked senior ANC and Cosatu officials who have said the purpose of mass action was to drive the government from power.

"There is no question of the object of mass action being insurrection," he said. "The aim of mass action is the immediate transfer of political power to the people of South Africa." This would take the form of an interim government of national unity and free and fair elections to a constitution-making body. He defended mass action as a channel to prevent voteless angry people from resorting to violence.

Mr Mandela also distanced the ANC from calls by civic associations for a black boycott of mortgage repayments. He stressed the need for houses to be built and said a boycott would cause finance to dry up.

● South Africa's police need a "massive purge" after allegations that they regularly beat prisoners to death, the Archbishop of Capetown, Desmond Tutu, said yesterday, Reuter reports from London.

South African pathologist Mr Jonathan Gluckman said at the weekend police were to blame for about 90 per cent of the 200 deaths in detention he had investigated.

Bishop Tutu, arriving in London from Johannesburg for a six-day private visit, described Mr Gluckman as "exceedingly courageous".

"These are some of the things we have always suspected," Archbishop Tutu told reporters at London's Heathrow airport. Blacks had little confidence in police. "We need a massive purge and that is why we need a professional, neutral, apolitical police force," he said.

Mandela, right: ANC 'keen' for negotiations to resume

UN's harsh dilemma in Somalia

Millions may die unless the UN deploys guards to protect relief convoys, writes **Julian Ozanne**

THE United Nations Security Council has approved an emergency relief airlift for millions of starving Somalis cut off by civil war from food and medicine.

The Security Council resolution, passed late on Monday, suggests that the UN might have to deploy at least 500 UN guards in Somalia without the agreement of the country's dissolute and obstructive warring factions in order to ensure the success of a long-term relief effort.

Both measures are vital to saving 4.5m hungry people and trying to bring some order to a country which has descended into a desperate spiral of anarchy, looting, famine and self-destruction. Aid workers in Mogadishu, the shell-blasted Somali capital, say at least a third of those in need of help are badly malnourished.

The UN resolution marks a turning point in a disaster which has so far received little attention from an international community obsessed by Yugoslavia. Efforts by the UN, Red Cross and other agencies to distribute food have become bogged down in the nightmare of Somalia's civil war.

Lengthy negotiations between rival Somali warlords have to be undertaken before food shipments are distributed to the various fiefdoms they control. Each shipment has to be accompanied by scores of ragtag gunmen in macabre "Mad-Max" vehicles employed by aid agencies. But, in a starving country where almost everybody, even six year-olds, carry machine guns, bazookas and rocket-propelled grenades, food convoys are often diverted or ransacked.

Aid workers say they are in a catch-22 situation. It is impossible to ease the security situation without much greater distribution of food. However it is difficult to distribute food in the trigger-happy situation. Two weeks ago a UN food convoy was machine-gunned outside UN headquarters in Mogadishu, and a guard was killed.

In such an appalling security situation UN officials in Mogadishu say it will be impossible to distribute sufficient food without the 500 UN guards. Gen Mohamed Farrar Aideed, the intransigent, power-hungry warlord who controls south Mogadishu, including the international airport and port, has thus far refused to allow the 500 UN guards into the rubble-strewn city. But talks were taking place yesterday between UN officials and Gen Aideed on the possible deployment of an international guard force.

A team of 50 blue-bereted military observers who arrived last week to monitor the shaky ceasefire have also yet to be deployed due to logistical problems and obstruction from Gen Aideed and Mr Ali Mahdi Mohamed who controls the north of the city.

Furthermore, support for the UN military force from the world community has so far been negligible. Even limited military intervention, to secure Mogadishu's international airport for relief flights, has failed to materialise. The UN is using a private dirt airstrip 50kms south of the city.

The UN resolution is a victory for Mr Boutros Boutros Ghali, UN secretary general, and his special representative in Somalia, Ambassador Mohamed Sahnoun. They pressed the Security Council for urgent action and implied that the world's failure to respond to Somalia's plight was rooted in racism.

VICTIM: A Somali refugee boy cooks porridge while waiting to cross into Kenya. Monday's UN decision marks a turning point in a largely-ignored disaster

Western support for UN military intervention now appears to be developing. On Monday the White House urged the UN to move quickly to deploy guards and offered to contribute generously to fund these efforts.

US Senator Nancy Kassenbaum has also called for the UN force to be deployed urgently without waiting for Gen Aideed's approval.

However, according to Mr David Bassiouni, UN co-ordinator for humanitarian assistance to Somalia, military intervention without agreement between the two sides could be dangerous. "We might find ourselves trying to take over the country and fight our way through and then the humanitarian operation would become secondary," he said.

The UN thus faces a dilemma. Easing the situation is Mogadishu is critical to the humanitarian effort because the city must become the base for food distribution by road, the only really viable long-term means of getting food, medicine, seeds and tools across the country. Mogadishu has also become the home to hundreds of thousands of displaced people arriving in the city searching for food.

Furthermore, resolving the war between Ali Mahdi and Gen Aideed and the two subclans fighting in the city is a necessary first step to nationwide political reconciliation between the numerous armed factions and clans which control other parts of the country.

However, negotiations between the two sides in Mogadishu are not making any headway in the face on entrenched positions, caused not by politics, religion or ethnicity but by hunger for power and mutual mistrust. The current ceasefire between the two sides is observed more in the breach. Although Mogadishu is quieter than it has been in the past 20 months, sporadic gunfire continues to echo throughout the city.

After months of inaction when medical and food relief to Somalia depended on valiant efforts by agencies such as the Red Cross, the UN has now established a substantial, if precarious, operation in Somalia. Their presence has so far helped to ease both the humanitarian and the security situation.

However, the UN operation remains fragile and without the UN guards talk of evacuation is common. Rumours continue to sweep Mogadishu that the warring factions are stockpiling fuel, food and ammunition in preparation for another round of full-scale fighting. A fresh eruption would almost certainly force the UN to leave Mogadishu and that would spell disaster for millions.

Spain and Morocco to discuss immigrants

By Tom Burns in Madrid

MR Javier Solana, the Spanish foreign minister, flies to Rabat, the Moroccan capital, today for talks on the growing problem of African immigrants entering Spain through Morocco.

He is the second Spanish minister to travel to Morocco in less than a week to discuss the sharp increase in Africans using Morocco as a staging post for illegal entry into Europe.

Mr Solana's trip follows a Spanish decision to take back 72 Africans expelled from the Spanish-held enclave of Melilla on Morocco's Mediterranean coast and refused entry by Morocco.

The refugees spent two weeks camping in no-man's land between the enclave and the Moroccan frontier.

The decision, described as a humanitarian gesture by Spain, followed a fruitless attempt by Madrid's interior minister at the weekend to persuade Morocco to accept the refugees.

Under an existing agreement, the Rabat government will take back its own nationals expelled from Spain but not illegal emigrants from other countries unless police can prove that they attempted entry from Morocco.

A group of 50 people recently arrested after landing in a fishing boat in southern Spain included Nigerians, Senegalese, Ethiopians, several who had destroyed their personal documents and refused to reveal their nationality, and only seven Moroccans.

So far this year about 500 illegal immigrants, the majority Moroccans, have been picked up by coastguards as they reached Spain across the 30-mile-wide Straits of Gibraltar.

As many as 50 are estimated to have drowned as they attempted the crossing.

Madrid has issued 60,000 work permits to Moroccans in Spain over the past 18 months and opened a soft credit line for Spanish companies investing in Morocco.

NEWS IN BRIEF

Israeli PM rules out deeper homes cuts

ISRAEL will finish building at least 9,500 homes in Jewish settlements – or nearly all the units under construction, despite a pledge to cut back on settlement housing, according to new figures released yesterday, AP reports from Jerusalem

Construction on almost 5,000 homes has been cancelled and Prime Minister Yitzhak Rabin suggested deeper cuts were not possible because of legal and financial constraints. "We left a number of housing units in the territories, perhaps more than I would have wanted," he said.

The US has linked approval for $10bn in loan guarantees to a settlement freeze. It had blocked the guarantees because of the accelerated building drive by Israel's previous right-wing government.

Egypt dismisses torture claim

A senior Egyptian official, responding to allegations that Egyptian police tortured prisoners, said yesterday that a small number violated human rights but they were tried and jailed if found guilty, Reuter reports from Cairo.

Major-General Bahaeddin Ibrahim, assistant to Mohammed Abdel-Halim Moussa, interior minister, was responding to accusations by the US-based Middle East Watch. It accused Egypt's State Security Investigation (SSI), which is part of the Interior Ministry, of systematically torturing political detainees.

Gen Ibrahim said that some of Egypt's 100,000-strong police force were not wholly innocent. "But we have very limited cases where some policemen went beyond the law. They were put on trial," he said, adding that four police officers and about 11 policemen were in prison.

Iran steps up energy investment

Iran has increased investment in oil, gas and petrochemical industries this year by a quarter to 1.5 trillion (million million) rials – $1bn at the floating exchange rate, Mr Gholamreza Aqazadeh, oil minister, said, Reuter reports from Nicosia.

In an interview quoted by Iran's IRNA news agency, Mr Aqazadeh said the oil ministry was drawing up extensive exploration plans to 1999, with priority given to border areas.

Lebanon rejects poll monitors

Lebanese Prime Minister Rashid al-Solh, in an interview published in Paris yesterday, rejected suggestions that international observers monitor forthcoming general elections in Lebanon, the first in 20 years, Reuter reports from Paris.

"The whole international press will be present and nowhere more than Lebanon is it free to observe. All the embassies will also be busy," Mr Solh told Le Monde. He was answering questions on suggestions that monitors check the elections in August and September, as part of the polling is to be in areas held by Syrian troops.

Banda to review detention law

President Kamuzu Banda of Malawi bowed to international pressure yesterday by promising a review and possible relaxation of the law allowing detention without trial, diplomats said, AP reports from Lusaka.

Mr Banda's announcement came two months after at least 22 people were killed in anti-government riots, the nation's worst urban unrest since independence from Britain in 1964. The riots were sparked in part by the detention of Mr Chakufwa Chihana, an anti-government activist who had been held several weeks without charges being filed. Western donors froze $74m in aid in May to press for reforms. The president also said he would allow hundreds of Asians to appeal for the first time against the confiscation by the state of their businesses in the 1960s, according to diplomats.

South Korea finds solace in slowdown

Recent statistics indicate the heat is off the economy, writes **John Burton** in Seoul

GOVERNMENT officials in Seoul have greeted a recent raft of statistics with ostensible relief as they indicate the overheated economy is cooling down.

The growth rate of gross national product during the first half of 1992 slowed to 7.3 per cent against 9.3 per cent a year ago, according to the Economic Planning Board (EPB), the main economic policy agency. Inflation was almost halved to 3.8 per cent from 6.2 per cent and the current account deficit shrank to $4.1bn from $5.5bn.

The improvement is mainly the result of a strict monetary policy which has reined in domestic demand, reduced imports and narrowed the trade deficit.

Massive public construction projects, which fueled inflationary pressure over the last three years, have also been curbed and spending on public construction next year will be frozen at this year's level.

Moreover, the government has achieved unexpected success in persuading trade unions to lower their pay demands. Wage growth could slow to around 10 per cent this year against the annual rate of 20 per cent over the past five years.

The government is hoping that the good economic news will bolster the fortunes of the ruling Democratic Liberal party in December's presidential elections where the economy is expected to be an issue.

But unfortunately for the government, attention has focused on negative consequences of its monetary policy. Bankruptcies jumped 66 per cent in the first half of 1992, reaching a record high. The figures include the failure of 18 listed companies, which undermined investor confidence and depressed the stock market.

Nonetheless, the government appears determined to curb money supply during the second half of the year and to implement an austerity programme, to include a review of defence spending despite the potential military threat from North Korea.

The planning board has committed itself to limit this year's growth in the broad M2 measure of money supply to 18.5 per cent against 18.6 per cent in 1991. This follows an average growth rate of 19 per cent in the second half of the 1980s.

The Bank of Korea, the country's central bank and a strong advocate of the tight monetary policy, recently stated that the government is progressing toward its target of a "triple seven" economy: a 7 per cent GNP growth rate, 7 per cent inflation and a $7bn current account deficit.

The conservative bank predicts that the economy will grow 7.3 per cent against 8.4 per cent in 1991 and that inflation will slow to 8 per cent from 9.3 per cent last year.

The current account deficit is projected to shrink to $6.7bn from $8.7bn in 1991 as the trade deficit narrows to $4.3bn. Exports will rise by 9 per cent, reflecting a recovery in overseas markets and the depreciation of the won. Imports are forecast to grow by 5.6 per cent, although rising oil prices remain a source of concern.

Officials continue to claim that the economy will stabilise within two years. The prospect of lower inflation and falling interest rates will accelerate liberalisation of the antiquated financial system, which is hampering performance by keeping interest rates high.

The government has promised to implement financial liberalisation measures, including interest rate deregulation and the free flow of capital, once the economy improves. In one sign of increased confidence, the Ministry of Finance recently announced that some of these steps scheduled to take effect after 1994 would be introduced ahead of schedule.

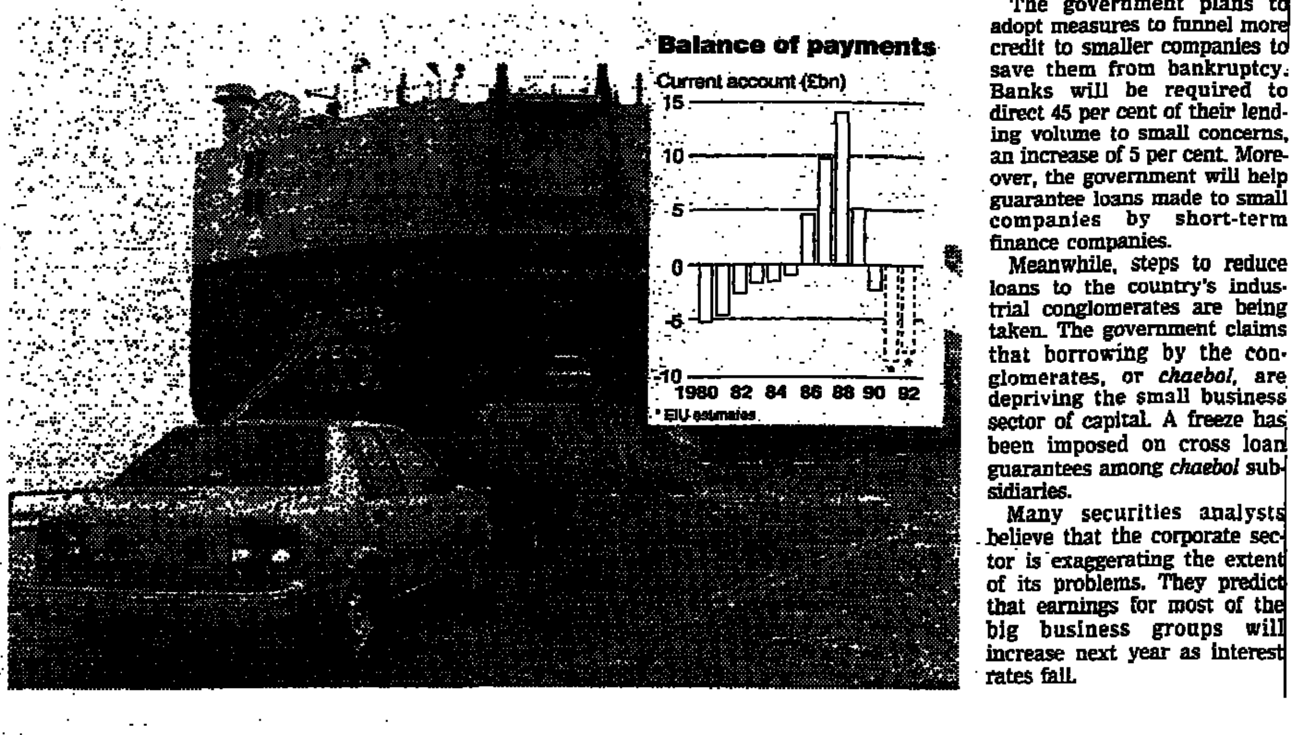
Business leaders, including the Federation of Korean Industries, are warning that the economy is heading for a crash landing and are clamouring for easier credit.

Corporate bond rates are almost 17 per cent, although they have gradually fallen in recent months. Small and medium-sized businesses have to pay even higher rates on the secondary market since they have difficulty in getting bank loans. The credit squeeze, combined with sluggish sales demand, is causing the wave of bankruptcies.

The government plans to adopt measures to funnel more credit to smaller companies to save them from bankruptcy. Banks will be required to direct 45 per cent of their lending volume to small concerns, an increase of 5 per cent. Moreover, the government will help guarantee loans made to small companies by short-term finance companies.

Meanwhile, steps to reduce loans to the country's industrial conglomerates are being taken. The government claims that borrowing by the conglomerates, or *chaebol*, are depriving the small business sector of capital. A freeze has been imposed on cross loan guarantees among *chaebol* subsidiaries.

Many securities analysts believe that the corporate sector is exaggerating the extent of its problems. They predict that earnings for most of the big business groups will increase next year as interest rates fall.



UN begins inspection in Baghdad

By Mark Nicholson, Middle East Correspondent and Agencies

UNITED NATIONS weapons inspectors searched Baghdad's agriculture ministry for more than six hours yesterday after the weekend agreement to allow the UN access to the building.

"There's still work to be done," Mr Achim Biermann, the German leader of the inspection team, told reporters after his first tour of the building. "So we'll have to go back tomorrow."

As the inspection began, columns of demonstrators marched through the Iraqi capital, carrying anti-American and anti-UN banners but they were kept well away from the agriculture ministry.

Mr Biermann and six other UN experts entered the building just a few hours after arriving in Baghdad.

Under the compromise agreement reached with Iraq, two American members of the UN team stayed outside the building.

A previous UN team was barred from the ministry for three weeks, sparking off a tense confrontation between Iraq and the western powers. UN officials believed the agriculture ministry building housed documents and other materials suspected to be linked to Iraq's chemical, nuclear and ballistic weapons programmes.

A UN official said inspection of the building might take another day or two. "So far the team have not had the chance to get all members together to put together all the many observations and the notes they have made in the building," he added.

Mr Rolf Ekeus, head of the special commission into Iraq's weapons of mass destruction, said earlier that much of what UN inspectors suspected had been hidden in the building might have been removed. "The Iraqis have had time to move material out of the building, but we still feel it is very important for us to ascertain what could have been there," he said.

Mr Douglas Hogg, British Foreign Office minister, meanwhile sought yesterday to keep alive the threat of military action against Iraq, telling BBC Radio that Britain would take "whatever steps may be necessary" to force Iraqi compliance with UN resolutions. "That may very well involve the need to use military force," he added.

IMF low-interest facility extended for further year

By George Graham

THE International Monetary Fund has decided to extend for one more year its Enhanced Structural Adjustment Facility (Esaf), a fund used to provide special low-interest loans to the poorest third world countries.

Esaf, which was set up in 1987, had been due to expire at the end of November, after a one-year extension last year. But the IMF agreed on Monday to a further year.

The fund is intended to provide balance of payments support to the poorest IMF member countries, at an interest rate of only 0.5 per cent a year.

Finance ministers of the Group of 24 developing nations made a strong plea at this year's spring meeting of the IMF for Esaf to be made permanent, but the policy-making interim committee remained silent on the issue.

Although 72 low-income countries are eligible for Esaf assistance, China and India have said they do not intend to call on the fund. Only 19 countries had in fact used the facility by March this year.

Most of the Esaf user countries are in Africa, but Bangladesh and Bolivia have also borrowed from the fund.

Clinton's critics score an own goal

By George Graham in Washington

A White House assault on Governor Bill Clinton's lack of experience in foreign affairs appeared to have backfired yesterday.

A senior administration official said he had been discussing with allies the course of action that President George Bush's spokesman had the previous day cited as an example of the Democratic candidate's "reckless" approach to foreign policy.

Mr Marlin Fitzwater, White House spokesman, spent much of Monday saying that a statement by Mr Clinton on US policy in Bosnia-Hercegovina showed he needed to "do some more homework on foreign policy".

Mr Fitzwater suggested that Mr Clinton wanted to bombard *Bosnia – a somewhat loose* interpretation of the Democratic candidate's suggestion that the US should seek authorisation from the UN Security Council for air strikes against those attacking UN and non-governmental relief convoys in the battered former Yugoslav republic.

Yesterday, however, Mr John Bolton, assistant secretary of state for international organisations, said in Geneva that the US was consulting with other powers on possible military action to protect the delivery of relief aid to Bosnia.

Mr Bolton said the Bush administration did not favour military action "at this point," but "would support a Security Council resolution to authorise the use of all necessary means to assure the delivery of humanitarian assistance".

While foreign affairs are clearly considered to be Mr Bush's strongest suit in the November presidential election, Mr Clinton has carefully avoided any faux pas on the subject.

His speeches at Georgetown University outlining his approach to foreign policy were well received by diplomats and specialists.

Neither the speeches, nor the international plank of the Democratic party platform agreed in New York this month, deviate significantly from mainstream US foreign policy.

Glyn Genin

Las Vegas has long been a gambler's Mecca, but shifting trends in the gaming industry are threatening its supremacy

Gambling industry hits jackpot

A casino on an Indian reservation signals change, writes Nikki Tait

ROULETTE wheels are spinning, blackjack cards are flashing – only the Indian motifs and some Hiawatha-styled waitresses suggest that this is a casino with a difference.

Welcome to Foxwoods, a complex in eastern Connecticut which opened its doors in April and packs in more than 20,000 gamblers a day at weekends. What makes the casino unusual is that it stands on Indian reservation land and is operated by the Pequot Tribe. It is a perfect example of why the traditionally restricted gaming industry in the US is suddenly hitting the jackpot.

Until recently only two US cities offered legalised casino facilities: glitzy Las Vegas in Nevada and New Jersey's depressed Atlantic City. Slowly, in the late 1980s, this began to change.

South Dakotans voted to permit casino gambling in a depressed "Old West" town called Deadwood. The result has been tagged "one of the most successful gambling ventures in modern times," with revenues topping $400m (£209m) in the first two years.

The Deadwood example is now spreading to larger conurbations. A few months ago the Louisiana legislature approved construction of casino facilities on 6.5 acres near the French Quarter in New Orleans. Hotel and casino operators, from ITT Sheraton to Carnival Cruise Lines, are queueing up for the licence.

In Chicago a joint plan by three big US gaming operators – Hilton, Caesar's World and Circus Circus – envisages a $2bn gaming and entertainment centre. The city's Mayor Richard Daly is supportive, even if Illinois' governor is not. And on the nation's waterways, Iowa and Illinois have recently introduced riverboat gaming while similar operations are expected to start soon in Mississippi and Louisiana.

The reasons behind this new permissiveness – which runs counter to the deep-rooted disenchantment with gambling stemming from the scandals of the last century – are mainly financial. Recession has squeezed state budgets and gambling promises a speedy palliative – both in jobs and tax revenues. In New Orleans Governor Edwin Edwards has estimated the new casino could generate 25,000 jobs. The state, meanwhile, is demanding 18.5 per cent of the property's revenues or $100m a year – whichever is greater.

But it is pressure from Indian reservations which many industry observers view as the more immediate force for change. Foxwoods illustrates why.

The Pequots won their right to operate a casino under a 1988 federal law which permits Indians to engage in any form of gambling which is otherwise legal in a particular state. Connecticut's constitution outlaws "normal" casino operations, but allows charities to hold "Las Vegas nights" with "casino-style" gaming.

Using the loophole, the Pequots fought a long legal battle against opposition from the likes of Connecticut's Governor Lowell Weicker. The arguments only ended when the Supreme Court declined to hear the issue.

No sooner was Foxwoods off the drawing-board than Mr Steve Wynn, one of the boldest Las Vegas impresarios, proposed building a $350m gaming and conference centre in Hartford, Connecticut's depressed state capital. As with New Orleans, such a scheme would require approval by the state legislature, and opposition has again been voiced.

Nevertheless, many observers think it is only a matter of time before Mr Wynn – or someone like him – prevails.

The reasoning is simple; if on-shore gaming exists in the state anyway, why should the law not be changed to allow taxpayers to get some benefit? Foxwoods pumps considerable sums into the state's economy, via secondary spending and the like – some estimates have suggested $40m a year. But the state cannot impose any direct taxes on the resort's table gaming revenues.

The potential losers are Las Vegas and Atlantic City. The latter is about a three-hour drive from New York City, and Foxwoods can be reached in similar time. Already New Jersey has retaliated by extending permitted casino hours – and allowing round-the-clock gaming at weekends. Las Vegas, which has weathered recession far better than its East Coast counterpart, faces a less immediate threat. Nevertheless, about a third of its 20m annual visitors come from California, and expansion of Indian gaming centres there could pose competition.

The other potential loser is the punter – or, if fears of mob infiltration and prostitution prove correct, society at large. So far there has been no sign of anything so sinister at Foxwoods.

Union hits at BMW plans for US plant

GERMANY'S IG Metall metalworkers' union said yesterday it would fight BMW's plan to build a factory in South Carolina without union representation for workers, AP reports from Berlin.

IG Metall, which claims with 3.6m members to be the biggest union in the west, accused BMW of deciding to build in the US on political rather than economic grounds, to the detriment of Germany's industrial base. It said it would co-operate with the US autoworkers' union to see that the plant was unionised.

Munich-based BMW announced last month it had chosen to build its first US plant in South Carolina with an investment of $250m.

Mr Eberhard von Kuenheim, BMW chairman, said in a meeting last week with reporters from South Carolina that the company would fight attempts to unionise the plant, and that a second plant would be built in the state.

"We don't need an outside, third party between management and our employees," he said.

IG Metall yesterday released a letter sent to Mr von Kuenheim from Mr Klaus Zwickel, a deputy president of the union, vowing that BMW will be "no exception" to the union's policy of seeing that workers are represented in German-owned plants abroad.

The union would work closely with the United Automobile Workers in the US during the construction phase of the South Carolina plant to secure union representation, Mr Zwickel's letter said.

In Germany it would be unthinkable for BMW to open a new factory without union representation, and German law requires that employees be represented on an oversight council with power to influence company policy. Mr Zwickel is a member of the oversight council at BMW.

The doctrine is considered a cornerstone of social peace, democracy and good labor relations in Germany.

However, in recent years the high pay and benefits enjoyed by German workers have come under increasing fire from employers who say Germany is losing its industrial competitiveness.

Wage row threatens Italians' Polish deal

By Christopher Bobinski in Warsaw

WAGE demands by unions at the Huta Warszawa steel mill threaten to delay a planned joint venture with Lucchini, the Italian steelmaker, in what promises to be the biggest foreign investment to date in Poland's steel industry.

A preliminary agreement signed last December commits Lucchini to an Ecu100m (£70.7m) modernisation programme for the Warsaw plant. Further contributions amounting to Ecu27m in cash, equipment and know-how will eventually give the Italians a 51 per cent share.

But wage talks planned for today come amid continuing industrial unrest as week-long strikes continue in the Lubin copper-mining combine and at the FSM car factory in Tychy.

Fiat of Italy is to make an investment of around $2bn (£1bn) in FSM through a deal signed with the Polish government. The factory should be in the Italian company's hands by the autumn.

Meanwhile, the strikers are demanding that in time their wages should amount to one-tenth of the revenues from sales of the Cinquecento car produced there or a proportion similar to that earned by Fiat workers elsewhere.

At Huta Warszawa, the unions want a 100 per cent wage rise for the 4,700 workers earning an average 2.7m zloty (£103) a month. Management is offering only 10 per cent. Built in the 1950s, it is Poland's only quality steel producer. Output capacity is 700,000 tonnes a year, but sales last year amounted to 230,000 tonnes. Lucchini aims to raise output to 600,000 tonnes.

The accord should result in a partial debt-for-equity swap with Polish banks taking a 7.8 per cent share in the new company. At the moment the steelwork's net debt amounts to 500bn zloty.

Investors find the door ajar in Cuba

Businessmen report limited but growing foreign involvement, writes Stephen Fidler

FOREIGN involvement in the Cuban economy is growing significantly, according to British businessmen recently returned from a trade mission to Cuba.

Their conclusions, described in a restricted circulation report, are that the government is trying to move towards a state that is "managed rather than intimately controlled" by the Communist Party.

The report, "Cuba opens its doors to British business", says a kind of "creeping privatisation" – with the notable exception of land ownership – is under way in a bid to re-orient the economy following the collapse of trade with the former Soviet Union and east Europe.

Competition is being encouraged between autonomous and older state enterprises, as is profit, and the retention of hard currency earnings is allowable through an independent banking system.

The Cubans are seeking to re-orient export production, obtain new markets and find new sources of convertible currency. The report suggests companies from Spain, Italy, France, Canada, Brazil, Mexico and Argentina are taking the lead in investment in Cuba.

The report points to two main growth areas: biotechnology and tourism. In biotechnology, the aim is to link laboratories to the production and commercialisation of advanced research finished or nearing completion.

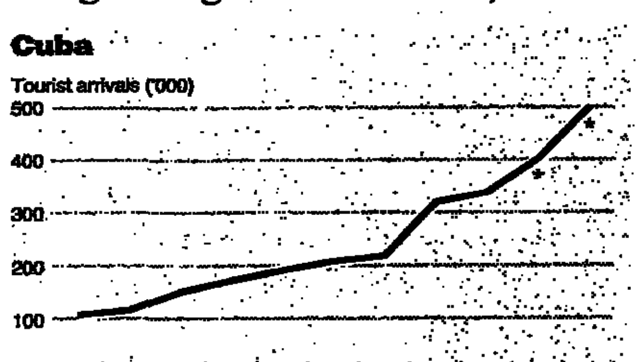
Biotechnological research is likely to be marketed in the EC through joint ventures with Spanish, Dutch and Hungarian companies.

In tourism, already the country's largest foreign exchange earner, the development of new facilities has become the highest priority. In 1991, Cuba received more than 400,000 visitors and expects to receive more than 500,000 this year, projected to reach 1m by 1995 of which 80 per cent will come from Europe.

Cuba plans to build a further 3,000-4,000 rooms a year to 1995. Based on projects already implemented and other feasibility studies, foreign partners can recover investment in three years.

Spain has been the most aggressive investor in tourism, while Austrian, Italian, German, Swiss and Mexican companies have also shown interest. Projects are being discussed with Ramada, Inter-Continental, Camino Real, Lonhro Metropole Group, Club Med and other companies, including some from the US.

A recent decision to encourage joint ventures and commercial arrangements in other sectors may in reality be somewhat limited. The report notes that the government is not interested in joint ventures in the production of sugar, health care, education, tobacco or in infrastructure outside Havana.



Cuba has, however, proposed to the Russian government a joint venture in Russia to refine sugar. Cuba is also looking at the possibilities of providing health care, hospital clinics and other social services to republics of the former Soviet Union.

The report suggests changes made thus far are likely to be followed by yet more dramatic changes and innovation in developing new commercial relationships and towards acquiring more advanced technology.

"Almost every aspect of traditional Cuban central planning has been abandoned in the autonomous sector and for joint ventures and there are signs that this process is now spreading to the internal sector," the report says.

Already all enterprises and government agencies are meant to cover expenditure from income. Even the sports ministry now has to earn its hard currency requirements from its training and other activities in third countries.

The State Committee for Economic Co-operation, whose historical role was as co-ordinator of government-to-government negotiations and with which the predominant responsibility for joint ventures now lies, says some 50-60 joint venture agreements or other forms of economic association have been signed, and about 200 are under discussion.

However, the report says Cuban ministers acknowledge that most investment opportunities will be through economic association since a true joint venture is difficult to structure.

There are other difficulties too, not mentioned in the report. Some British businessmen considering business with Cuba say they have received hints that it might have adverse consequences on their regulatory treatment in the US. The Administration has already tightened regulations on shipping goods to Cuba.

Congressional proposals to tighten the economic noose around Cuba are causing concern as they could trigger a row with the British and other governments over the extraterritorial ambitions of US law. "It is for the British government not the US Congress to determine the UK's policy on trade with Cuba," one UK official warned.

Companies have also experienced not-so-subtle pressure from Cuban exile groups, which sometimes have significant knowledge about companies' investment proposals in Cuba.

HK group to invest in Chinese entrepôt project

By Our Foreign Staff and Agencies

WHARF Holdings, a Hong Kong-based conglomerate, is to invest about 20 per cent of its net assets in a project that could transform the central Chinese city of Wuhan, and reinforce Hong Kong's preeminence as South China's leading port.

The focus of the project will be a containerisation centre where manufacturers would load containers and clear customs before "exporting" goods directly along a 1,200km modernised railway line to Hong Kong, according to Mr John Hung, Wharf's executive director.

The multi-billion-dollar project had won strong backing from Beijing, with letters of intent signed in June. As well as the containerisation centre, trains, tunnels, power plants, hotels and industrial complexes could be built under the plan, which would take at least 10 years to complete.

Wuhan, capital of Hubei Province, astride the Yangtze River about 800km inland from Shanghai, has long been a critical transport hub in central China. Its road and rail bridge provides an important land crossing of the Yangtze.

Freight from China's interior is often shipped to Wuhan, to be forwarded north or south on the country's railway system.

From this commanding communications position, Wuhan has grown to be central China's main industrial city. It is already a critical entrepôt for goods exported through Hong Kong, and is an important supplier of food to the territory.

It is estimated that transforming Wuhan into a modern inland cargo distribution centre will cost at least $1.5bn (£780m). Mr Hung said yesterday that Wharf would now progress to a detailed feasibility study. The company has nominated consultants and already has staff in Wuhan.

The project offers powerful attractions to both Hong Kong and Wuhan. For Hong Kong, anxious to build close economic links deep into the Chinese mainland, it would ensure the colony's pivotal importance to south China even after 1997, when Beijing regains sovereign control.

Shanghai's ambitious Pudong project has been seen by some as a potential threat to the territory in the 21st century.

Leaders in Wuhan and its hinterland see the investment as a potential catalyst for foreign investment, which has been hard to attract because of difficulties in overcoming the problems of using China's rudimentary infrastructure.

The city has also been pinpointed by Mr Gordon Wu, head of Hopewell Holdings in Hong Kong, who has built roads and power stations in Guangdong.

He plans to build a 500km arterial road through Hunan Province, which will link with Xiang River barges to Wuhan.

Bush backs Nafta despite widespread public opposition

By Nancy Dunne in Washington

PRESIDENT Bush yesterday defended the planned North American free trade agreement (Nafta) between the US, Canada and Mexico, saying he would not "back down" in face of widespread public opposition and Democratic demands for changes in the proposed draft.

"Trust me to do what is right for America and what's right for the future," he said. Speaking at the White House before a group of Hispanic businessmen, who are expected to support Nafta, Mr Bush said agreement was very close, but "nobody is going to turn this one into a political football".

Clearly, that is what is happening. On Monday, the Democrats began a co-ordinated assault on the proposed pact on grounds the current draft did not protect workers and environment enough.

Congressman Richard Gephardt, House majority leader, warned the administration to write strong protective clauses into the pact and set up a specific funding mechanism (he proposed a cross-border tax) for worker retraining. Otherwise Congress would write it into the implementing legislation.

Governor Bill Clinton, the Democratic presidential nominee who portrays himself as "an agent of change", supported Mr Gephardt's position, urging "a new course" in trade agreements, rejecting "the outdated rhetoric" of both free traders and protectionists.

Senator Max Baucus, chairman of the Senate trade subcommittee, called on the administration to slow the pace of the talks to ensure adequate environmental protections were included. Senator Lloyd Bentsen, influential chairman of the Senate finance committee, yesterday said any agreement "must be accompanied by a firm commitment to take appropriate steps to deal with...worker retraining, environment protection and border infrastructure".

Mrs Carla Hills, US trade representative, defended the agreement but acknowledged "we'll have a heck of a sell" in explaining Nafta's merits to the US people at a time of high unemployment. But she strongly opposed as "bad economic policy" a cross-border tax. The trilateral talks restart in Washington today.

Progress had been made in cars and agriculture, she said, but "gaps" remained in both areas and in the investment, services and market access sectors. Mexico is reported to have withdrawn its insistence on continued protection for its car and car parts industries beyond 10 years. Mrs Hills said a final deal could come in the next 10 days. But getting a notification, including private sector reports, to Congress, would take some time.

ABB China deal grows

By Ian Rodger in Zurich

A CONTRACT won in April by a consortium led by ABB Asea Brown Boveri, the Swedish-Swiss power engineering group, to build the Shajiao C coal-fired power plant in Guangdong province of China has been extended to include an expansion from the originally planned 1,310MW capacity to 1,980MW.

The value of the enlarged contract is to rise from an amount in excess of $1bn (£500m) to over $1.4bn, and the share of ABB's US subsidiary, ABB Combustion Engineering Systems, rises from $270m to $400m. When completed in 1996, the plant will be the biggest independent power station in Asia.

ADVERTISEMENT

Ricoh's ring of gold

The Barcelona Olympics have begun and Ricoh, a world leader in office technology, has completed the installation of the unique Olympic fax network that encircles the globe, ensuring that the Games' sporting achievements can be known worldwide — at the push of a button

"BEFORE I came to Barcelona, I didn't know what a sporting city was".

Thus wrote Baron Pierre de Coubertin, founder of the modern Olympic Movement, after visiting the Catalonian port city in 1926. And in the days since last Saturday's opening ceremony in the Montjuic stadium, when the archer's arrow soared through the night sky to light the Olympic Flame, the world has come to see what the Baron meant.

Not only are the Barcelona Olympics the largest ever seen, with more than 10,000 competitors from 172 countries. They are the first of the post Cold War world and they have been free of much of the political turmoil between East and West which marred previous Olympics.

Pasquel Maragall, Mayor of Barcelona, summed up the hopes of many when he expressed his wish that the Games should go down in history as "those which united in a new Europe all the countries of the world."

Swift communication is the key to this uniting of "all the countries of the world", and the modern fax machine, like television or the telephone, is one of the principal means of such communication. Which is why Ricoh, the international office automation giant, has put so much time, effort and resources into creating the world's first international Olympic network.

Covering the Games: the world relies on Ricoh to provide the most up-to-date fax network on the Olympic sporting triumphs

An invaluable link in communications

It was not always easy. Ricoh estimates that as many as 30 users saw a fax machine for the first time when the company installed their equipment. Several units were struck by lightening. The Gulf War interrupted installation in the Middle East for a time.

But the problems were overcome. In most cases the network has now been operating for many months and has proved invaluable in improving communications between the NOC's and the headquarters in Lausanne of the International Olympic Committee.

The network's effectiveness has been widely recognised. Said New Zealand's Tay Wilson: "In the Pacific region, where mail is very slow and erratic, this facsimile network has greatly improved our communications".

This view was echoed by Tonga's Dr Fred V. Sevele: "We are most grateful to Ricoh for this highly efficient and sophisticated machine . . . we simply cannot do without it."

From Africa Mr T.A.G. Sithole, President of the Zimbabwe Olympic Committee agreed: "It is invaluable. It more than meets our expectations." And Australia's Philip W. Coles spoke for many when he commented: "Facsimile machines are a very fast and efficient means of communication with a broadly-based and growing number of individuals and organisations."

Long after the Barcelona Olympics are over, the benefits of a worldwide fax network will still be being felt in every corner of the globe.

The network was very much the brainchild of His Excellency Jaun Antonio Samaranch, President of the International Olympic Committee, who has had a "long held dream of establishing an effective international information network among IOC member organisations."

Ricoh's Olympic sponsorship has been strongly backed throughout the organisation. Said Jurgen Paxmann, President of Ricoh Germany: "The Olympic Games always receive the highest attention in Germany. By sponsoring the 1992 Games, we create a connection between Ricoh and the world's most popular sports event", while Ricoh Spain's President welcomed the "opportunity for all members of the Ricoh Family to reach the first position in the world facsimile Olympiad."

The expertise of a global giant

Ricoh brings to the Olympics the expertise and technology of a global giant employing 47,000 people world wide. Established in Europe since 1963, Ricoh co-ordinates its European operations from its headquarters, Ricoh Europe BV in Amstelveen, Holland. With seven sales subsidiaries and a financial subsidiary as well as factories in Britain's West Midlands and France's Alsace region, Ricoh now employs more than 2,400 throughout Europe.

Meanwhile, Ricoh is gaining valuable information about new markets, especially in eastern Europe, which will stand the company in good stead in years to come.

Combined with the enormous amounts Ricoh spends on research and development every year to retain a technological lead in its copier, fax and office automation market, Ricoh's experience in building the Olympic fax network will prove invaluable in reaching the company's long term goal, which Ricoh's President Hiroshi Hamada sums up thus:

"Quite simply, I would like to see our company at the top of the office automation and image processing industry and to be widely recognised as the leader in this field."

THE FIRST OLYMPIC FAX NETWORK

RICOH

Official Olympic Facsimile Network Sponser

From Andorra to Argentina, Bulgaria to Bhutan, the Pacific's Cook Islands to the Central African Republic — the Olympic Family for the very first time is now linked by an international facsimile network.

The latest news of each country's medal results, each thrill of golden victory or anguish of defeat, is being sent instantly by fax as a result of a technological "first".

Created, developed and built by Ricoh, the network links the National Olympic Committees (larger in number than at any previous Olympic Games) the 89 International Olympic Committee members and 33 International (sports) Federations.

Almost three years of preparation, careful planning and hard work ended in success with the start of the Barcelona Games.

"Everything has gone smoothly and according to plan," said Peter van der Kaag of Ricoh Europe when the Olympic Facsimile Network was put to the test and went "live".

Besides the Ricoh fax machines dotted around the world in the offices of the NOCs there are more than 600 machines in Barcelona and at the other Olympic sites around Spain, including 28 in the Olympic village.

One of the greatest challenges facing Ricoh was to cope with the rapidly changing face of Eastern Europe and the former Soviet Union as the multitude of nationalities and peoples of the former Soviet Empire faced up to the pressures and changes of the post-Cold War era.

The challenge was not only to respond to the demands of a growing number of independent states — Latvia, Lithuania and Estonia being only three — but also to the dilapidated state of much of the infrastructure of the former USSR — especially where the technology of telephone networks were some 30 years out of date. Since the efficiency of a fax owes much to the effectiveness of a telephone network this posed Ricoh a tough problem.

But the company responded with enthusiasm. Not only are the countries of the Unified Team linked into the Olympic network but countries such as Croatia and Slovenia, emerging from the structure of the former Yugoslavia, have also been securely linked to the Olympic Family.

Fired with success: an archer sends a flaming arrow to light the Olympic flame at the spectacular opening ceremony in Barcelona

RICOH'S TOUR DE FORCE

As the first gold medals of the Barcelona Olympics were being won on the first day of competitions last Sunday, another great sporting event was reaching its thrilling climax.

The audience watching the end of the 79th Tour de France, the world's cycling fraternity's top sporting event, may not have matched the billions watching the Olympic opening ceremony, but Spaniard Miguel Indurain's victory to win the coveted yellow jersey for the second year in succession was still eagerly watched on television by hundreds of millions of enthusiasts worldwide.

As the 130 survivors of a 198-strong starting list battled along Paris's historic Champs-Elysees towards the finishing post they were bringing to an end a competition during which the 22 competing teams had covered just under 4,000 kilometres.

For the sixth consecutive year the cyclists bore the name of Ricoh, a world leader in office automation, on their back numbers as they cycled through Spain, France, Belgium, Germany and Italy in weather which varied from sweltering sun to torrential rain amid terrain as diverse as the flat land of Northern France to the mountains of the French Alps.

As the official back-number sponsor of the 79th Tour de France, the Ricoh name has figured prominently on television shots from the very start of the race in Saint Sebastian, Spain.

Ricoh once again provided its photocopying expertise to the organisers of the Tour de France. By providing a Press Copy Service Centre throughout the period of the tour, Ricoh kept the 1,000-plus television and print journalists and photographers covering the Tour with completely up to date results of each stage and the overall rankings of the cyclists.

As with its support for the Olympic Games, Ricoh is determined to show through its involvement in the Tour de France its strong support for all international sport.

RICOH

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Factory output continues to slide

By Emma Tucker, Economics Staff

THE drop in UK manufacturing output during this recession could be as steep as the fall recorded a decade ago, according to the latest quarterly survey from the Confederation of British Industry (CBI).

The survey shows that manufacturers' orders and output continued to fall over the past four months, disappointing earlier expectations of a pick-up in demand.

Manufacturers, whose optimism about the economy has fallen sharply since April, expect output to continue declining over the next four months and for demand to remain flat.

Based on the results of the CBI survey, manufacturing output fell by 0.6 per cent in the second quarter of the year compared with the previous quarter, and is forecast to fall a further 0.9 per cent in the third quarter. This would bring the total drop in output, from a peak in the fourth quarter of 1989, to 14 per cent. During the 1980/81 recession, government figures recorded the drop in output from peak to trough as 15 per cent.

Mr David Wigglesworth, chairman of the CBI's economic situation committee said: "We don't know when the recession will end and this uncertainty is having a negative effect on all of us. The continuing cuts in investment bode very ill for the medium and longer term competitiveness of Britain's manufacturing industry."

The survey also highlighted the pressure on manufacturers to cut prices. Profit margins continued to be squeezed over the past four months as a greater number of companies cut factory-gate prices than those raising them.

Mr Wigglesworth said the survey's positive results were that inflation was still falling and companies do not plan to cut investment in training and product innovation.

Official figures for manufacturing output in June and July from the government's Central Statistical Office, have yet to be released. May showed a small month-on-month fall in output after a 0.3 per cent increase in the first quarter compared with 1991.

Lex, Page 14

Education set to undergo major reform

By Andrew Adonis

THE UK government yesterday unveiled sweeping reforms of the country's education system to send task forces into schools which fail to meet standards and take power over school budgets away from locally elected councillors.

Under the blueprint published by the government elected local education authorities, which currently control most of the 25,000 schools nationwide, are set to wither away.

In their place will be a new government-appointed agency responsible for handing out Treasury funds to grant-maintained schools and taking over from local government the job of planning the future shape of the school system.

Mr John Patten, the education secretary, said the proposals were "radical, sensible and in tune with what parents want."

The policy document predicts that 4,000 schools, including a majority of secondary schools, will have opted out of the financial control of local education authorities within three years.

"Self-managing schools are the way for the future for primary as well as secondary schools," said Mr Patten. But he sounded a note of caution to the Tory right, which favoured the outright abolition of local education authorities, stressing that ballots would continue to be needed for schools to opt out and calling for partnership between local authorities and the new structure in the long transitional period.

"We intend to create a stable system of education that sets international levels of excellence," the government says in the policy document. "Other leading nations have high standards and a high degree of specialisation. We can match and outstrip them."

The policy documents's most far-reaching proposals concern surplus places and sink schools. Mr Patten proposes that new task forces, called "Education Associations", be sent in to schools declared by the new inspectorate to be "at risk." They will have broad powers to restructure a school's staff and senior management.

The financial régime for grant-maintained schools, the crux of the new structure, wil not be finalised until the autumn. It appears likely, however, that the large financial incentives for schools to opt out will be removed as the number of grant-maintained school rises from its current level of 250.

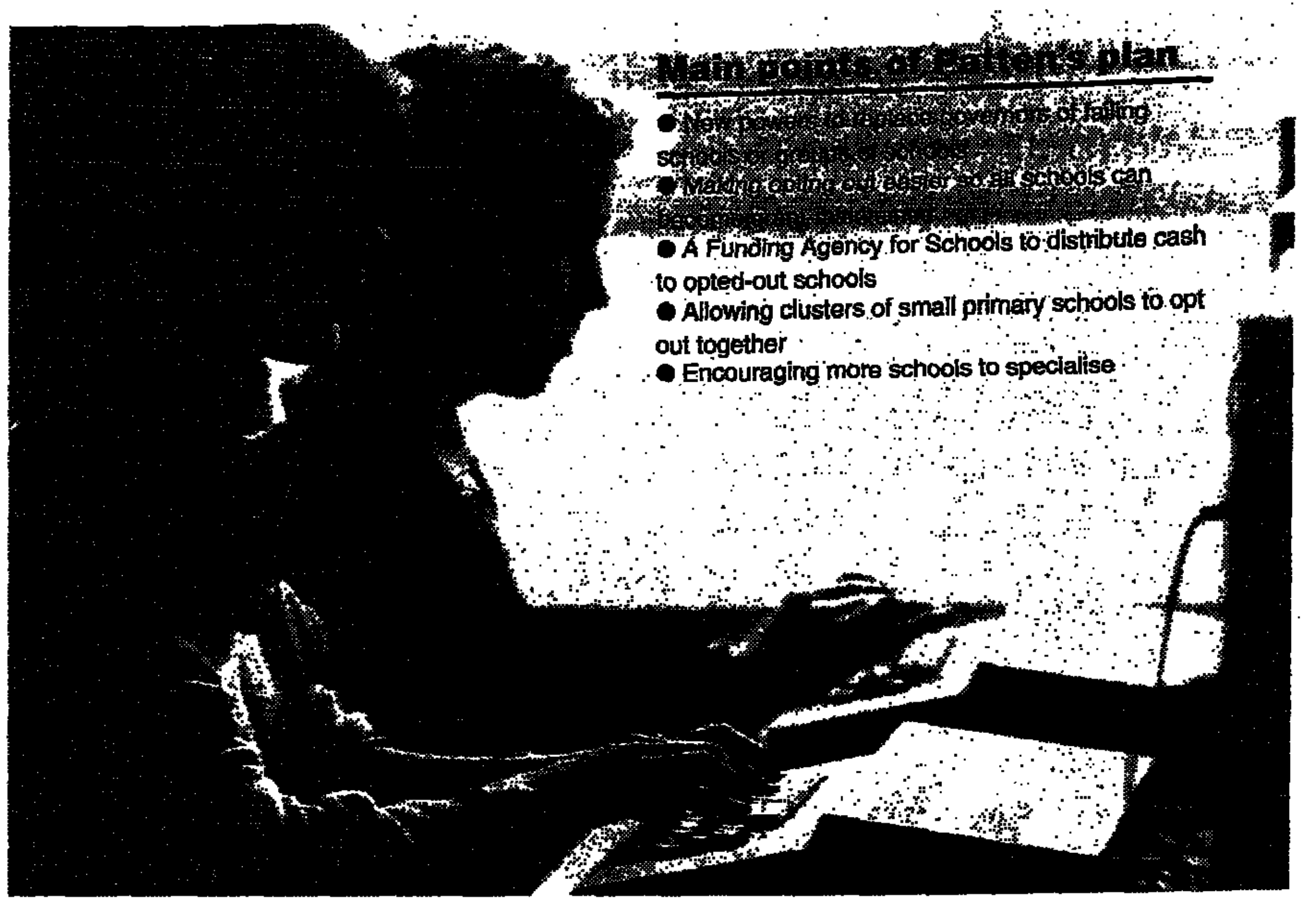
Mr Patten also proposes to take new powers to reduce the estimated 1.5m surplus places in schools in England and Wales. He will be empowered to direct local authorities and the new Funding Agency for Schools to prepare schemes to remove places, and will have the power to impose schemes of his own. These could lead to the closure of grant-maintained schools – despite the autonomy granted to them under existing legislation.

The policy document was condemned by the opposition Labour party and the teaching unions. Ms Ann Taylor, Labour's education spokesperson, said it was a "recipe for chaos and further upheaval in our schools. There are no new resources for our children's education."

Mr Peter Smith, general secretary of the AMMA teachers union, said the policy document "represents a muddled policy which hints strongly that local accountability will be replaced by remote Whitehall-controlled quangos."

Local authority organisations responded bitterly to the proposals to wind down their education responsibilities. But privately some county council leaders expressed relief that the government had not determined on outright abolition of local education authorities, a decision which would have largely pre-empted the work of the Local Government Commission in determining the future of the two-tier structure existing in most of England and Wales.

The grant-maintained schools centre welcomed the policy document as providing "stability of funding for grant-maintained schools whilst instituting a light bureaucratic touch."



Analysis, Page 12
Editorial Comment, Page 12

Barclays held fears on Maxwell

By Raymond Hughes, Law Courts Correspondent

BARCLAYS Bank began to reduce its exposure to the Maxwell group more than three months before Robert Maxwell's death because it had noticed "some alarming signals", a High Court judge in London said yesterday.

In July 1991 Maxwell Communication Corporation defaulted on a foreign exchange debt and in October 1991, the bank demanded repayment of $30m due under an overdraft facility, said Mr Justice Hoffmann.

The money had been paid after Barclays threatened Mr Kevin Maxwell with a writ against MCC and withdrawal of future co-operation.

On November 24 1991 Mr Richard Pelly, Barclays's corporate finance director, wrote to him: "This letter will serve as a warning that the non-payment of the $30m will result in a breach of the facility and Barclays will take whatever action is required to recover its money . . . We believe the co-operation of this bank will be important to you over the days and weeks to come, both on the private side and in discussions regarding the financing of MCC to which we will continue to provide significant facilities after the repayment of the $30m. However we will not be inclined to 'standstill', thereby improving the position of other banks, if the $30m remains outstanding."

Politicians make progress in Northern Ireland talks

By David Owen

TALKS ON Northern Ireland's political future adjourned for the summer on a positive note in Dublin yesterday with British and Irish ministers expressing optimism about their progress.

Commenting on the situation after a four-hour meeting between the two sides, Sir Patrick Mayhew, Northern Ireland secretary, said: "The great thing is that this process of talks is now continuing.

"It is hope that is at the top of our agenda – and hopes have been fulfilled," Sir Patrick added. The meeting marked the beginning of 'strand three' of the complex talks process, which brings together the British and Irish governments as well as leaders of political parties in Northern Ireland.

Referring to a recent shadow cast over the talks by the Reverend Ian Paisley, the hard-line Democratic Unionist leader, Mr David Andrews, Irish foreign minister, said that he had listened to Mr Paisley "more in sorrow than in anger."

Mr Paisley, a fiercely pro-British party leader, warned last week that the talks would fail if the Irish Republic did not agree to drop its territorial claims to the province.

An official statement on yesterday's meeting said that the two sides agreed an approach to arrangements for liaison on bilateral 'strand three' issues with the other participants in the talks.

● Mr Michael Grade, chief executive of the Channel 4 television station, asked for Special Branch help because of fears for those making a programme on Ulster.

Staff of Box Productions that made Committee, which claimed to expose collusion between the Royal Ulster Constabulary and Loyalist death squads were re-housed because of the danger, Lord Williams QC said yesterday.

He was defending Channel 4 and Box in a contempt of court action under the Prevention of Terrorism Act for refusing to disclose the identity of the main source for the death squad allegations.

Surge in N-profits angers power users

By Juliet Sychrava

THE ROW over UK electricity prices was heightened yesterday when Nuclear Electric, the state-owned nuclear generator, announced a £482m operating profit for the year to March 1992, 48 per cent up on the year before.

The news came as ICI, Britain's largest chemicals group, met Professor Stephen Littlechild, the electricity regulator, to complain about high electricity prices.

The increase in Nuclear Electric profits prompted ICI and other users to repeat calls for the government to lift the £1.26bn subsidy – the so-called levy – which Nuclear Electric receives.

The levy, which involves an 11 per cent surcharge on electricity bills, has been criticised by large users. "We think the size and concept of the levy should be reconsidered in the light of the profitability of Nuclear Electric," said Mr Chris Hampson, director of ICI.

The size of the company's power bill is affecting its competitiveness in Europe, he said.

The Major Energy Users Council (MEUC), a lobby group representing large electricity consumers, also called for a cut in the subsidy.

Offer, the electricity watchdog, said yesterday that the levy had always been designed to lapse in 1998. But the regulator, Prof Stephen Littlechild, is understood to be considering the possibility of lifting the levy before then.

Yesterday's results showed Nuclear Electric could not yet make a profit without a subsidy. Without the levy revenue, its turnover would have more than halved to £1.17bn, giving an operating loss of £783m, rather than the £482m profit reported yesterday.

That would have turned its final profit figure of £62m, after provisions for waste disposal and redundancies, into a loss.

But Mr John Collier, Nuclear Electric's chairman confirmed the company intended to be profitable without the levy by 1995. This is important because Nuclear Electric will have to demonstrate it is economically viable when the government reviews the future of the British nuclear power industry in 1994.

Fund managers face equity exposure

By Norma Cohen, Investments Correspondent

PENSION fund managers have increased their exposure to equities over the last five years, just as equities have been performing less well than gilts, according to a survey of the British fund management industry.

The 1992 Pension Fund Investment Manager survey by consulting actuaries Hymans Robertson said that in the five years to June 30, 1992, equities produced 6 per cent per year, markedly lower than UK government gilts, which produced 9.5 per cent annually over that period.

The average UK fund had increased equities weightings to 60 per cent of holdings from 55 per cent at the end of 1986. Furthermore, the investment category which has seen the greatest inflow of funds has been that of overseas equities which have produced negative annual returns of 0.3 per cent.

The 1992 survey was based on findings by 98 managers with more than £180bn of segregated pension money under management and more than £500bn of total funds under management.

The total UK pension fund market is estimated at roughly £300bn.

Mr George Henshilwood, partner and consulting actuary at Hymas Robertson said: "It may be that UK fund managers cannot pick overseas equities as well as they can pick domestic ones."

While poor returns in Japanese equities could well be explained by overall market conditions, UK fund managers had consistently underperformed key US indices with their stock selection in that market, he said.

Significantly, the 1992 survey also revealed a sharp increase in fee scales for balanced funds of roughly 15 per cent, on average. The fee increases have come despite rising competition for fund management mandates.

The survey found that the five largest pension fund managers are unchanged from the previous year, although there have been significant shifts in their respective market share.

The five fund managers are Mercury Asset Management (19 per cent market share), Philips and Drew Fund Managers (11 per cent) Schroder (9 per cent), BZW Investment Management (5 per cent) and Robert Fleming Asset Management (5 per cent).

Britain in brief

Union attacks European pay forums

Strong preference for traditional UK collective bargaining against the continental European system of works councils has been expressed by the GPMU print union in a motion for this year's annual conference of Britain's Trades Union Congress (TUC).

The GPMU motion also speaks out against European level negotiations between the European TUC and UNICE, the European employers' body, saying that if European collective bargaining is developed it should be done at sectoral level.

The motion challenges the increasingly Europhile consensus of several larger unions, such as the GMB general union, and of the TUC itself.

Names angry at report delay

Lloyd's Names have reacted angrily to news of a further delay in the publication of a report into multi-million pound losses by the Feltrim syndicates.

Sir Patrick Neill, who has been investigating the losses of two syndicates formerly managed by the Feltrim agency for over a year, had been expected to present his conclusions to the council, the Lloyd's governing body next week.

However, Mr David Coleridge, Lloyd's chairman, indicated on Monday that Sir Patrick's report will not be available under September. "I was appalled to learn of the delay," said Mr Colin Hook, chairman of the Feltrim Names Association. Possible legal action by Names to recover losses has been held up pending publication of the report.

New post for Kinnock fixer

Mr Charles Clarke, the chief of staff and leading "fixer" to former Labour leader Mr Neil Kinnock for nearly 10 years, is taking up a senior advisory post at the Trades Union Congress.

The appointment has renewed speculation that Mr Norman Willis, the TUC general secretary, will announce his premature departure at this year's TUC Congress.

TUC officials have pointed out that Mr Clarke will be working for Mr John Monks, Mr Willis's able deputy, who is now effectively running the organisation.

Dutch group to close plant

Akzo, the Dutch chemicals group, is to shut the Macpherson paint factory in Bury, Greater Manchester, with the loss of 390 jobs. Another 110 jobs are also to go in a national reorganisation of Akzo Coatings operations in Britain.

The move signals a clearing of the decks in both decorative and industrial paint markets for when the recession ends. Akzo vies with Crown and Kalon for second place to ICI in the UK, where it competes with its Sandtex, Permoglaze, Sikkens, Macpherson and Valspar brands.

Production will be transferred to Akzo's factory in Hull, starting next year, with completion in 1994.

NVQs to get higher profile

The government must do more to raise the profile of National Vocational Qualifications (NVQs), the new national system of assessment based on workplace competence, according to Mrs Gillian Shephard, the employment secretary.

NVQs, intended to give employers quality assured and cost effective ways of meeting their skill needs, are being developed in a bid to end the under-use and under-valuing of vocational qualifications in the UK.

Mrs Shephard said she was dissatisfied with current awareness of NVQs and pledged government action.

Directors jailed for fraud

Two directors of a computer company have been jailed for what a judge at Southwark Crown Court described as "frauds on a massive scale" against finance houses.

Mr Terence Harvey and Mr John King, directors of Computer Investment Leasing, were sentenced to 18 months and 12 months respectively and disqualified from being company directors for two years after pleading guilty to obtaining property by deception.

Judge Watts said that well over £1m had been extracted from finance houses, more than £700,000 of which had been totally lost.

High scorer: England striker Alan Shearer this week became Britain's most expensive soccer player in a £3.6m transfer from Southampton to Blackburn Rovers. The Lancashire team has spent more than £10m on new players ahead of the new season next month. Blackburn manager Kenny Dalglish was yesterday targeting England midfielder Geoff Thomas. If a deal is struck with London team Crystal Palace, Thomas's club, it would take Blackburn's spending this week to £6m. Palace have turned down a £2.5m bid for Thomas from London rivals Arsenal.

Tourist board fails after debts

Liquidators have been appointed to the Thames and Chilterns Tourist Board, one of 12 regional tourist boards in England, because of mounting debts. It is the first tourist board to fail.

Mr Michael O'Dwyer, the board's chairman, said that a combination of factors had caused the collapse, including a "substantial" write-down of assets, the writing off of £40,000 in bad debts, the loss of an expensive legal case, and internal overspending.

Executive faces theft charges

Dr Gerald Smith, former chief executive of Farr – the failed west country construction company – has been commited for trial at Southwark Crown Court in London charged with stealing cash and securities worth more than £1.2m from the Farr Group pension fund.

Dr Smith was remanded on bail of £100,000. He faces 14 charges of theft between September 11, 1989 and February 23 1990. Among the charges are the alleged theft of shares in British Airports Authority, Barclays Bank, J. Sainsbury, Ladbroke Group and Hanson belonging to the pension fund. He is also accused of stealing a cheque for almost £1m owed to the fund.

OLYMPIC NEWS IN BRIEF

Competitors battle 41° temperatures

Barcelona '92

Sun-battered Olympic athletes appealed for more bottled water to combat dehydration as the heatwave continued.

Most competitors have yet to see a cloud over the Catalan city since their arrival.

Spectators at the claycourt tennis stadium said the courtside thermometer showed 41 degrees in early afternoon.

A French bottled water company said it had shipped 100 extra cases of water to the US basketball team and 75 to the US volleyballers.

Humidity adds to the problem: rooms in the athletes' village do not have air conditioning. Croat tennis player Goran Ivanisevic said it was like living in a sauna in his room and many athletes complain they cannot get to sleep until it cools down in the early hours of the morning.

Pollution is increasing. From the hillside diving pool it is now hard to pick out the famous Sagrada Familia cathedral only 2.5km away because of smog.

Temperatures are expected to fall gradually in the next few days.

Becker wins in five sets

Three-times Wimbledon champion Boris Becker edged past little-known Norwegian Christian Ruud in a five-set marathon which took nearly five hours.

The German claimed he was still glad he had come to Barcelona, despite the intense midday heat which appears to have escaped the tennis schedulers' notice.

Double gold for Hungarian

Hungary's Kristina Egerszegi became the first individual double gold medalist at the Games with an Olympic record, adding the top medal in the 100m backstroke to her triumph in the 400m individual medley.

Alexandre Popov of the Unified Team won the men's 100m freestyle.

Spain's Martin Lopez-Zubero won the men's 200m backstroke and, like Egerszegi, set an Olympic record.

The American women's relay quartet won in 3 minutes, 39.46 seconds, breaking the world record of 3:40.57 set by East Germany in 1986.

Unified lead in pentathlon

Eduard Zenovka of the Unified Team moved into first place in the modern pentathlon after the cross-country running, the fourth of five disciplines.

Zenovka was third in the 4,000m in sweltering heat. Manuel Barroso of Portugal won the event.

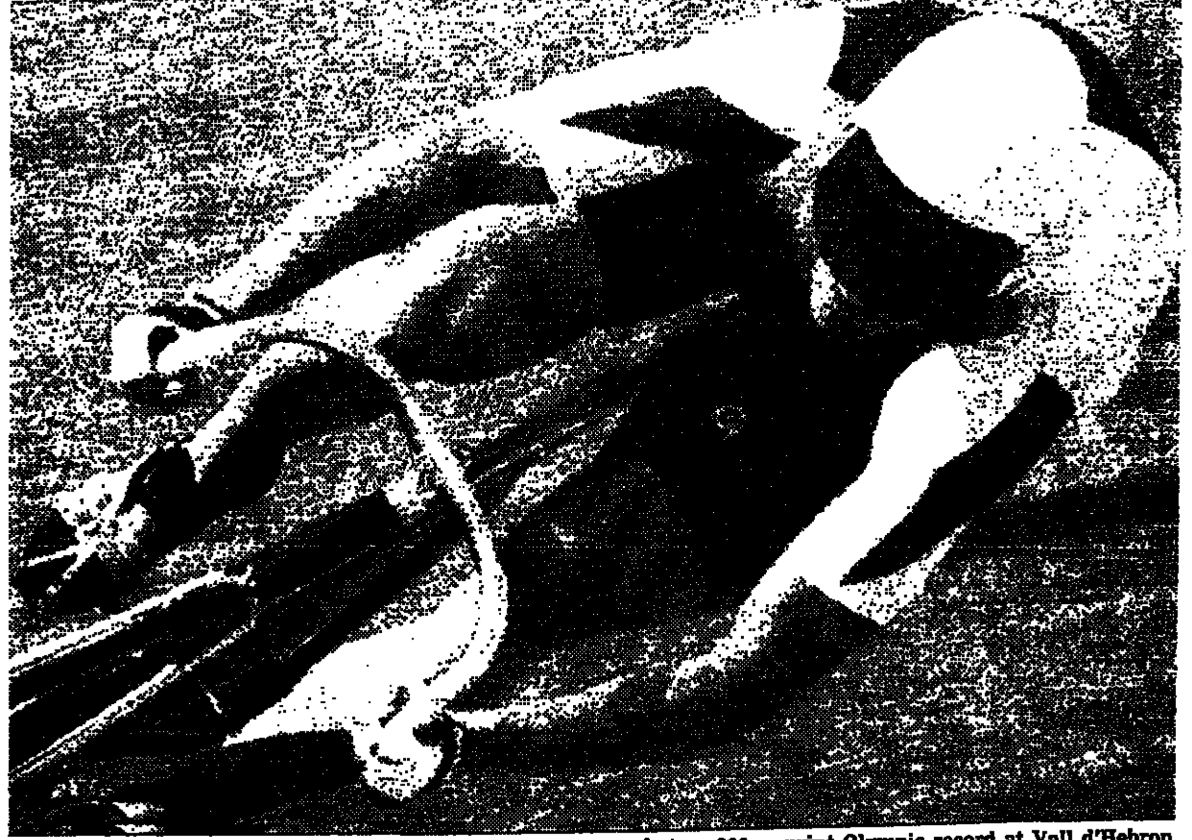
The Unified Team led the team competition with 13,168 points. Poland was second with 12,996, Hungary third (12,981) and France fourth (12,758).

Fourth gold for China

Wang Yifu won China's fourth gold medal of the Summer Games with a record win in the men's air pistol.

Wang set an Olympic record of 684.8 points giving China an 11-10 lead over the US in the medal count at that point.

Serguei Pyjianov of the Unified Team took the silver medal, and Sorin Babii of Romania the bronze.



US volleyball players (left) sport shaven heads in protest at reversal of a win over Japan. Right: world champion Jens Fiedler of Germany speeds to a 200m sprint Olympic record at Vall d'Hebron

The compleat guide to drug abuse

Nicholas Woodsworth on the insidious spread of new-generation performance enhancers

LIKE other journalists sitting around the breakfast table each morning at the Barcelona Press village, I keep my ears open for the subject that turned the Seoul Games on their head four years ago – drug disqualification. So far things have been very quiet.

Canada's Ben Johnson is keeping his head low. It is one of the great ironies of these Games that while Johnson will once again be running in the 100 metres, his great rival, Carl Lewis of the US, is for the moment only a reserve member for the US 100m relay team, though he is in the long jump.

There was a sprinkling of drug disqualifications before the Games began. Canadian sprinter Cheryl Thibedeau was banned for life for failing a steroid test in June. Nigeria has withdrawn six athletes, including women's long jump and 100m medal hopefuls. Six South Koreans were also withdrawn for failing tests.

Here in Barcelona, there were minor rumblings on Sunday when US 100m freestyle silver medallist Jenny Thompson complained that the bulky, well-muscled winner of the event, China's Yong Zhuang, had not been tested afterwards.

None the less, among Olympic veterans in Barcelona there is consensus that performance-enhancing drugs continue to play a significant role in Olympic sport. Some who have attended half-a-dozen Games have run out of enthusiasm. It is not because they have lost their love of sport. On the contrary, it is because they no longer know which sporting achievements are real and which are not. Some even question the value of attending the next Games in Atlanta in 1996.

On the other hand, *I* might make it to Atlanta. Not as a meek and mild reporter, but as a record-smashing, medal-grabbing Olympian.

I am overweight. I smoke. I drink. My arms are like pins, my thighs are jelly. I am 38. None of this, however, worries me in the slightest, for I have managed to get hold of a copy of the *Underground Steroid Handbook – Update 1992*, which promises me I could get away with a trip to Atlanta. Such is the world of performance-enhancing drugs these days that I can believe it.

The handbook is written by one Daniel Duchaine, an inhabitant of Los Angeles. Duchaine has been in the cheating business a long time. His first underground steroid handbook, published in 1981 and sold perfectly legally, proved highly popular: 40,000 copies went like hot-cakes.

My own edition is a special commemorative one; it was written by Duchaine after release from prison on an anabolic steroids charge and published this year, presumably to coincide with these Olympics.

Times are changing fast. Anabolic steroids – previously the athlete's drug of choice – have not only become illegal. They are becoming obsolete. In the last few years a new generation of performance-enhancing drugs has evolved, and Duchaine sees it as his duty to guide a new generation of athletes towards them.

"We now can't rely on stagnant, decades-old technology," he writes, and sees steroid illegality as something of a boon. "We will now be legally and ethically forced to look for truly effective steroid alternatives...It's my job to help athletes...I believe in ten years' time we'll see athletes...bigger, faster, stronger, and (at last) socially acceptable."

If you can stomach Duchaine's morality, the modest price of $19.95 will buy you all the information you ever wanted on performance-enhancing drugs, old and new. The handbook is a detailed step-by-step guide on how to become a successful drug-enhanced athlete. As a publication of Britain's Sports Council magnificently understates the case, this "puts the medical profession and coaches in a most difficult position."

It does not put athletes in a difficult position, for the handbook bends over backwards to let them know exactly what they can get away with and how to do it. One chapter, for example, lets American readers know how to get around US Food and Drug Administration laws and import banned substances "legally" through various deceptions. If all else fails, there is advice on smuggling.

A much bigger problem, it seems, is simply getting hold of the real thing. Banned sports drugs have become so sought-after that a multi-million dollar industry of counterfeit drugs has sprung up – about 90 per cent of all black market steroids, for instance, are fakes. Is your injectable Stanozolol cloudy? In fact, the suspended particles in real Stanozolol have an irridescent sheen. Hundreds of drug scams are being perpetrated.

There are also untold ways of beating a drug test. You can insert a catheter tube into your urinary tract and fill your bladder with someone else's drug-trace-free urine. You can use testosterone and, because it exists naturally in the body, get away with it with careful calculation. Or you could try Probenecid, a masking agent that hides drug traces in urine. Like many athletes, you could stop steroid use at a specific time prior to a competition drug test so no traces remain.

Or, like Daniel Duchaine, you could use a blocker that jams the tubules of the kidneys for a few hours so that banned substances do not get into the urine. "This blocker works on many steroids, all amphetimines, narcotics, uppers, downers, you name it: this stuff blocks it," he crows. "It always works. So far it has not been banned, as it has not been detected. If they ban it, I'll just find something else. I like drug testing: it's a challenge, it advances the state of the art of performance enhancement."

What about the newest of up-and-coming non-steroid performance enhancers? Drugs wizards such as Duchaine are not at a loss. Personally, he favours anti-catabolics: synthetic analgesics such as Cytadren that prevent adrenal hormones from arresting protein synthesis in muscles. It adds to muscle size and strength, and – some predict – is the drug of the future.

Alternately there is Clenbuterol, which magically burns off body fat and promotes rapid muscle development, exercise or no exercise. Unfortunately, there is no magic in the work of men such as Duchaine. He is real. His book is real. The drugs he promotes are real. And they are a worry to everyone concerned about the future of high-level sport.

I spoke to David Cowan, director of London's Drug Control Centre. His greatest worry is not banned drugs for which tests exist, but the large grey area of new sports drugs for which no international legal consensus on tests exist.

Red blood cell-producing EPO, testosterone-stimulating HCG, aggression-developing DHT, growth promoting HGH – all are banned, all are detectable, but so far, despite growing concern over their use, the International Olympic Committee has failed to take crucial decisions on testing procedures.

Dr Cowan estimates that currently only about 10 per cent of drug testing is random, out-of-competition testing. Most authorities agree that such testing is the only way that the growth of Olympic performance-enhancing drugs can be controlled. Until this happens, Daniel Duchaine's athletes will continue to become bigger, stronger and faster.

Ben Johnson (left foreground), at the finish of the Seoul 100m final. He was disqualfied for drug abuse, then banned. But he is running in Barcelona

Board-sailing for gold Penny's way

Keith Wheatley looks at the prospects for British success in a new women's event despite injury problems

PENNY WAY suffers from acute tennis elbow. The odd thing about it is that Penny is one of the world's top board-sailors, not a serve, volley and strawberries person at all.

"It's an over-use injury. As the sport becomes more intense and you spend longer on the water training and racing, these things are going to happen to sailors," said Rob Andrews, national racing coach to Britain's yachtsmen and also married to Penny Way.

Since the image of sailboards is one of sun, sand and sea, the notion of gaining an injury on one through sheer repetitive hard work seems a bit unlikely.

Penny Way would tell it differently. For the last three years there has seldom been a day where she has not sailed – competing or training – somewhere in the world.

Her consistent ranking at world No 1 led to her being pre-selected for the British team ahead of any other athlete in any discipline. On the start line, other women sailors were automatically working out who was going to come second.

Way first became world champion in 1986 and four years later won the Olympic class world championship in Argentina. That title came her way again last year. She has won over 300 titles in virtually every country where a board has been known to float.

It was only two years ago that the International Yacht Racing Union announced that there would be a board-sailing class for women. Previously there was one class for both sexes, which left women at too great a weight disadvantage if the wind blew up at all.

Way knew instantly that her years of dedication were going to be focused on this one event at Barcelona.

Last year went well but since the winter months, Way has begun to look a little vulnerable.

The tennis elbow needed minor surgery to remove local scar tissue; then a virus infection hampered her performance in the world championship in Singapore early this year. Her world ranking has recently dropped to sixth, with French sisters Maud and Anne Herbert looking strong ahead of Way in the rankings.

However, sitting on the harbour wall at Barcelona's splendid Port Olimpic, she seems calm and confident. "For me this year the world ranking list is not important. Only the Olympics counts." Penny Way is 6ft tall but lightly built, with the sailor's tan that comes from year-round travel.

Four years ago her build counted her out of the Seoul Olympics. With just one board-sailing contest for both sexes, Penny Way beat all male rivals for a place at the Games but was forced to withdraw when sail harnesses were disallowed. Without that extra leverage a woman weighing, say, 18kg less than her male opponents could not have held a board upright in the strong winds off South Korea.

It was a disappointment that turned her resolve to steel. Yet each location has its own special problems. Barcelona, ironically, has such light breezes that some of the male board-sailors, such as Barrie Edgington, have been fasting to bring their weight down to the class minimum. Keeping the board moving is expected to be more of a problem than keeping it upright in the likely winds of under 10 knots.

But the real demon of Port Olimpic is a course that starts and finishes within 100 metres of the massive harbour wall. Even in average winds, this creates a unique 1 metre-high wave, a chop in which vital starting and finishing manoeuvres have to be made.

During acclimatisation sailing in June, the board sailors likened it to performing a ballet on a bucking narrow beam.

The reason for the daunting lay-out is that television wants to be able to cover the board-sailing, with the starts and finishes held closer to the cameras than some of the track and field events. The harbour wall will also accommodate up to 11,000 spectators, plus hundreds of athletes watching from balconies at the adjacent Olympic village.

A total of 10 races are held for the board-sailors with one discard permitted. There is a gruelling schedule of two contests a day for the first four days, which will involve over 20 miles of racing. The final race is on Sunday. The first day's racing was postponed due to lack of wind.

Way is using a special carbohydrate replacement product to help keep energy levels up while out on the water in temperatures that have consistently been over 30C.

Dehydration is also a real worry. Normally at international board events, coach boats are allowed on to the course to provide water. At the Olympics they are not.

Barcelona sounds tough, but compared with most of what Way has already experienced on her route to the Olympics – sharks under the board in Florida, a mugging in Brazil – she ought to be able to handle it.

"I don't want to turn round after 1992 and have any regrets," she told me. "Whatever the result it's essential that I know afterwards that I gave it everything I had."

MANAGEMENT

Paul Cheeseright explains why business is taking more than a passing interest in education

Back to school for companies

The telephone call came out of the blue for John Wells, works engineer at William Blythe, the Lancashire chemical company. It was Hapton Primary School, asking whether his company could help with a history project.

That casual call five years ago has taken Wells deep into the education system. He has built up contacts with other schools, helped establish a formal partnership between the business community and local schools, become involved in the local training and enterprise council, has drawn the Chemical Industry Association into contact with primary schools.

It was no simple act of charity. Wells goes so far as to claim that links with education will "enable us to carry on as an industry". Chemical companies, he reckons, have to have friends, and must keep an eye on the environmental issues surrounding their business.

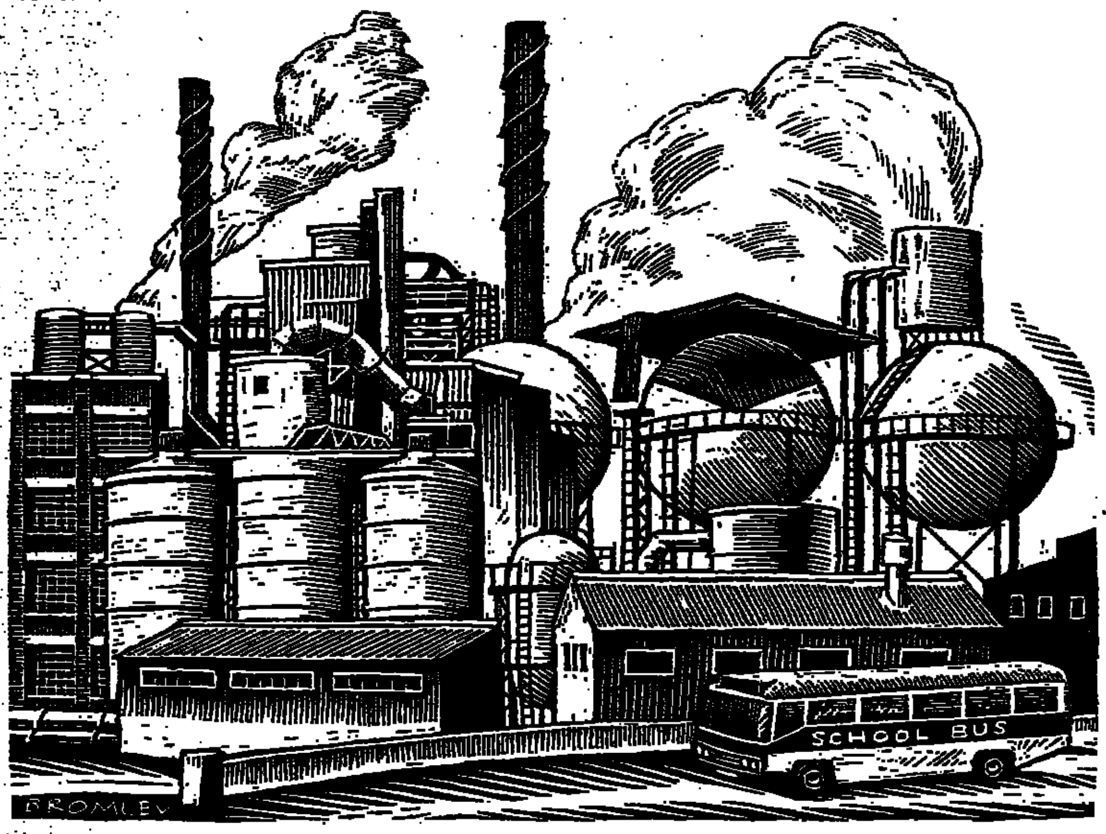
Wells and others like him on both sides of the Atlantic are twisting back to front the old maxim, "Before a company can do good, it must do well". What once was deemed philanthropy is gradually becoming an integral part of business. Hesitantly, companies are becoming involved in education. They feel forced to act by the twin pressures of heightened demand for technological skills and the perception that the education system is faltering. They are conscious that their case for commercial freedom goes by default if they do not articulate it. To do well a company needs to do good.

"Coping effectively with resource needs and tensions introduced by technological and educational change... will require partnership between education, business, government and the wider community", wrote Michael Heron, director of Unilever, the Anglo-Dutch household products and foods group.

However, the immediate motives of companies are varied. This became clear at a recent conference, organised in Birmingham by the Warwick University centre for education and industry and the School Curriculum Industry Partnership, two of the many organisations seeking to link the worlds of business and education.

In the US, said Chris Marsden, British Petroleum's head of educational affairs, "the emphasis is on combating inner city deprivation and on school improvement programmes".

Indeed, according to David Goodman, vice-president corporate affairs at Clorox, the Oakland chemical group, "US companies spend $40bn on remedial programmes for employees" – money which is siphoned off from other investments.



The emphasis in continental Europe is different. It is "on initial vocational education and transition between education and work", Marsden suggested. More particularly, in Sweden, observed Bjorn Grunewald, director of the Federation of Swedish Industry, the approach is altruistic and practical: "Companies which are active get recruits more easily – and they find it cheaper to recruit."

The focus in the UK, Australia and New Zealand, said Marsden, "has been on reversing an anti-industry culture and introducing more vocational relevance to the school curriculum".

Oddly, though, UK schools may well be more active in this than UK companies: it is estimated that while 90 per cent of the schools have established links with industry, just 10 per cent of companies are involved with a school.

To be effective, a company's education initiatives must come from the top. Thus large companies such as BP, Rover, the cars group, Whitbread, the brewer, and Kingfisher, the retailing group, all have carefully drawn up and publicised policy statements which set out what they want to achieve. Indeed, Kingfisher, for example, recruited Ms Carol Kay, the former headmistress of Haberdashers Askes Girls' School in south-east London, to draw up a policy and clarify the group's activities.

The policies cover myriad activities. Ms Angie Rodriguez-Diaz, program manager of the Digital Equipment Corporation, the computer group, has an office in a school at Chelsea, Massachusetts. Here DEC volunteers help with teaching English to ethnic minority youngsters or adopt a pupil, in a scheme called mentoring, to create an individual relationship which can act as a partial substitute for the absence of family support.

Clorox, working with the local chamber of commerce, carried out a survey of the library needs of the 100 schools in Oakland, California, and then devised a programme which meant that each school could refurbish its library at a cost of $6,000.

In the UK, support for schools has tended to take a different form. The aim generally has been to support and embellish the national curriculum rather than to prop up the school system as such.

Thus, Rover has centres at its plants where school pupils can come with their teachers to work on projects which contribute to their classroom work on the curriculum.

And the British paper industry, with the School Curriculum Industry Partnership, has devised material for classroom use that adds an industrial dimension to the syllabus.

At the same time, increasing emphasis is laid on work experience – giving students a taste of industrial training and commercial life. Sometimes work experience and training become part of formal contracts, called compacts, between employers and educational institutions.

North-west London is an example where a compact started with five schools and supported by around 80 companies as diverse as Boots, the chemist, Midland Bank, Bovis Construction and United Biscuits.

What is in it for the companies?

For BP, acknowledged Marsden, it is "the licence to operate", calling up the example of a chemical plant in a west Glamorgan housing estate, where there is "a level of community understanding" about the activities of the plant. "Links to the school fed back to the community," he said.

There can also be direct commercial benefits. Ms Rodriguez-Diaz noted that DEC's activities in Chelsea were started as a pilot scheme. Now, she added, "we think we have a model which we could package and sell".

She also believed that the DEC employees who took part would emerge as better managers. That is, if the DEC employees can succeed in bringing skills back into the workforce, they can manage better within the corporation.

"Our direct payback," said Goodman, "takes the form of making our own employees feel closer to the company." This is achieved by the company supporting financially the organisations to which Clorox employees give their time – in other words, everybody is in this together. Employees who feel good about their company are better employees, Goodman observed.

Wells believed, too, that activity in the community helped managers develop. "It helps me to understand the young people we might employ."

At the same time it keeps him in touch with the turmoil in the British education and training system – the complexities of national vocational qualifications, for example.

Dr Michael McGannon warns holidaymakers about seeking a place in the sun

Cool it and save your skin


HEALTH CHECK

If your definition of a proper holiday includes sunburn, complete with sandy sheets and blisters, you should think again to save your skin.

Without an intact healthy epidermis your hours would be numbered. Whether in the Mediterranean or in the back garden in Wimbledon, you should confine the roasted meat to the barbecue.

Your skin comprises three layers: the epidermis (the outermost waterproofing which prevents fluid loss and toxin entry), the dermis (a mixture of nerve cells, tissue, glands and blood and lymph channels), and the subcutaneous tissue (which cushions the outer layers from the underlying bone and muscle).

It is the body's largest organ, and is a breathing first-line defence against infection. Any rupture attracts a ferocious immunologic response. If the invader penetrates beyond the skin, the battle is half over. It also helps cool the body by dilating the vessels to cool the surface blood and by excreting sweat. When exposed to mild radiation, it can produce the precursor to Vitamin D, which helps the body absorb calcium.

There are two types of ultraviolet (UV) rays; the first, UV-A, the alleged "safe" UV, can pass through eyelids, and penetrates into the dermal layer, hair follicles and underlying subcutaneous tissue, causing ageing of these tissues (wrinkles, freckles, ageing spots). The tan obtained this way will not protect you from the burning effects of the sun.

The other ultraviolet rays, UV-B, penetrate the layers of the epidermis and upper dermis, stimulating the production of a hard protective substance, keratin, which thickens the skin. These are the rays believed to cause cancer and burning.

You can take advantage of the sun this summer by knowing when the sun's UV rays will be most intense and protecting yourself and your children accordingly.

Because UV rays are filtered by the atmosphere, their strength depends on the location and the time of day. Your skin will absorb less intense UV rays in the morning and in the evening (more atmospheric gases to pass through), and in the winter. According to Dr John Reeves, professor of dermatology at San Francisco School of Medicine, about 65 per cent of burning rays strike the ground during the four hours around noon.

The rays also intensify with altitude: for every 330 metres, there is a 5 per cent increase, and snow can reflect up to 100 per cent more (sand and water reflect up to 20 per cent more UV).

As for your children, watch them carefully. Dr Reeves believes 75 per cent of lifetime sun exposure occurs before the age of 22.

Sunscreens are *de rigueur* on beaches and boats this summer, as are hats. UV protective eyeglasses, and clothing. But which Sun Protective Factor (SPF)?

SPF2 will protect against about 50 per cent UV-B, SPF4 against 75 per cent and SPF15 against 94 per cent. All sunscreens protect primarily against UV-B, so that the rays causing premature ageing, UV-A, are unimpeded.

The sunscreen manufacturers are researching some effective UV-A blockers. The UV Warning Badge – one of the most promising recent innovations – is applied to the skin and changes colour to warn that it is time to cover up.

Once the the skin is red and painful it comes down to damage control. Cool compresses and aspirin might help a little; better still, learn to enjoy the sun without getting cooked.

The author is the medical director of the Insead Business Health course.

BUSINESS AND THE ENVIRONMENT

As the Earth Summit furore fades to a murmur, **David Lascelles** assesses the several treaties' practical effects

Hot air in Rio sows green seed

Two months later, the Rio Summit is already becoming a distant memory, confirming the cynics' view that it was largely *a waste of time*.

That is probably mistaken, though it is hard to argue the contrary because virtually nothing has happened in the meantime to prove that it was worthwhile.

Indeed, from the businessman's point of view, it is difficult to see what relevance the summit has at all. Most of it consisted of wrangles about environmental aid to the Third World and the ins and outs of bio-diversity, something few people had even heard of before Rio.

Yet the presumption must be that Rio will have some sort of impact. There were, after all, more than 100 heads of state or government there. They put their names to several documents, two of which will become international treaties with legal force. So what should the prudent business person prepare for?

Broadly, Rio should give a higher prominence to environmental matters on the political agenda, though that is hard to imagine at the moment. The recessionary facts of life in most economies and the growing resistance to regulation make environmental concerns something of a luxury. If one assumes, however, that the industrial world will eventually emerge from recession, the cost of Rio will begin to seem affordable. The resumption of growth will also rekindle anxieties about pollution and waste. Eventually, greenery may loom very large indeed.

The UK, in its role as president of the EC, is already trying to chivvy other industrial countries into giving Rio decisions a "prompt start" with an eight-point action plan to ratify agreements and to organise further implementation.

Rio may not have supplied many answers, but it *certainly clarified* the questions. Policymakers, government officials, the green lobby and the media are much better informed about the issues than only a year ago, and they have become much more receptive to the case for international action. All the signatories to the treaties implicitly yielded some sovereignty to the rest of the world. That means that the UK may be forced by its treaty obligations to introduce pollution controls or to grant aid to support the global environmental cause.

Looking at the specific commitments made in Rio, many were merely restatements of worthy goals, but several may have a business impact. Among the more noteworthy are the following:

- The polluter pays. This was recognised as the guiding principle in allocating clean-up costs.
- Countries committed themselves to discouraging or preventing the relocation of environmentally hazardous activities to other countries.
- The "precautionary approach". Lack of full scientific certainty should not be a reason for delaying *environmental action*.
- More information to be made available to the public about hazardous materials and activities.
- Closer integration of environmental considerations into government decision-making.
- Tighter controls on international traffic in hazardous wastes.
- Promotion of environmentally sound waste disposal and re-use.
- Promotion of scientific and technological work, and of codes of practice.

The presumption must be that the summit will have some impact. More than 100 heads of state or government put their names to several documents, two of which will become international treaties. So what should the prudent business person prepare for?

Potentially the most significant result from Rio is the international treaty on climate change. That imposes an obligation on signatories to draw up plans to limit emis*sions of greenhouse gases which are* believed to damage the climate.

Although it took a watered down form, the fact that a treaty was agreed *at all* underlines the strength of global concern. The treaty may lead to much tougher controls on energy use, carbon emissions and dirty industries. Its potential impact concerns not only industry but the whole transport sector and the home.

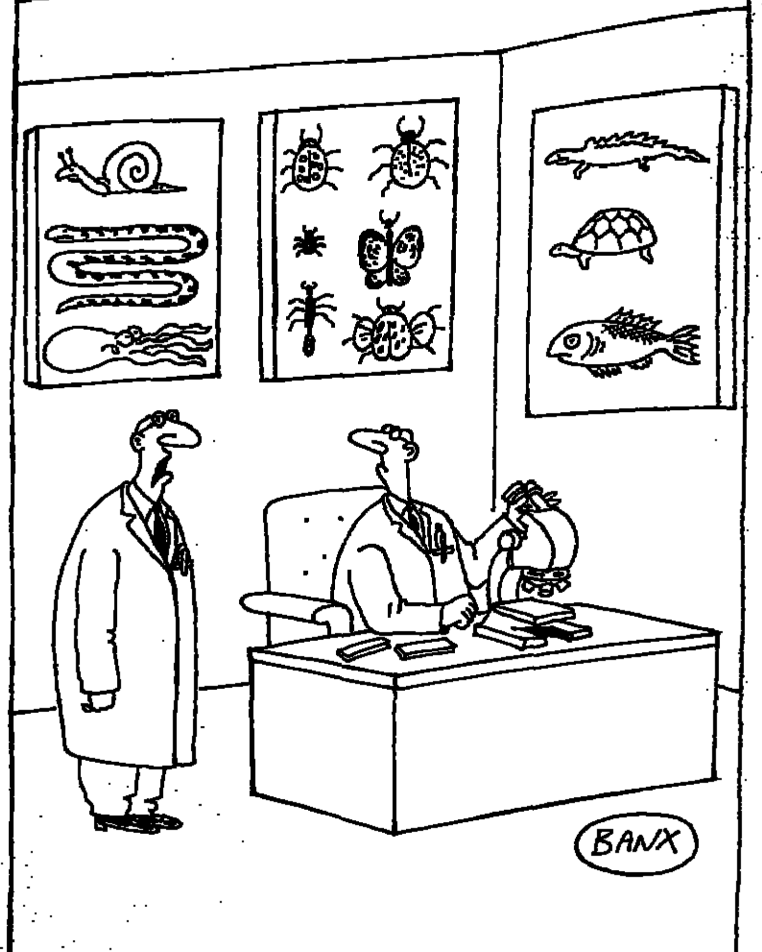
The effect is only potential because the treaty contains no deadlines or targets. However, it has already prompted many countries, including all EC members, to say in Rio that they intended to do much better than that. Being a nitty gritty measure, its results should be easier to gauge.

The second treaty – on bio-diversity – is much more specialised. It is of great interest to businesses such as pharmaceuticals or biotechnology, and to the research industry as it contains legal measures to protect plant and animal life, and it also lays down rights to commercial exploitation.

The Rio summit produced another much-bandied phrase: "sustainable development". That is the principle whereby economic growth should not impair the world's resources for future generations. In theory this *sounds very worthy, and if carried* through to its logical conclusion it could have a major effect on business. For example, it could lead to the introduction of "eco-accounting" and oblige companies to account for the full environmental cost of their activities.

Sustainable development, however, may be a flawed concept, if not an actual contradiction in terms, since economic growth has to consume resources. It therefore seems highly unlikely that this will mean an early shift to eco-accounting. Certainly none of the industrial countries at Rio was proposing any of the legal moves that would be necessary precursors.

Few businesses will notice any immediate changes. The summit may make itself felt over time. The regulatory screw will be steadily tightened, government policy will acquire a greener tinge, and actions will begin to be taken for global, rather than purely national, causes.



"ADD ECO-ACCOUNTANT TO THE BIO-DIVERSITY LIST."

Mosquito Coast bites developers back

Ian Walker on how secrecy and lack of guarantees sabotaged a Honduran forest project

Want a lesson on how not to manage an environmentally sensitive investment in the American tropics? Take a leaf out of Stone Container's Honduras casebook.

At the end of February, the head of the Honduran Forestry Corporation, Porfirio Lobo, abandoned a controversial plan to cede 216,000 hectares of pine forest bordering the River Platano Reserve in La Mosquitia (of "Mosquito Coast" fame) to the big Chicago-based paper company.

For Gustavo Morales, Stone's Honduran representative, formerly a senior adviser to Lobo, the cancellation brought a mixture of disappointment and relief. "It saddens me, because the opposition told a lot of lies, and it was a good deal for Honduras." On the other hand, after he appeared on television supporting the proposal, he received death threats from a guerrilla group, and had to have his children escorted to school by armed guards.

The architects of the deal – originally conceived in mid-1991 with the personal support of Honduran president, Rafael Callejas – had been taken by surprise by the passion and scope of local opposition to it.

The opposition was led by environmentalists, who were concerned about the deforestation and erosion linked to logging. They were worried too about the future of the River Platano Reserve, an area of broad-leaved forest defined as a site of world importance. They had support from US and European campaigners, who picketed Stone's offices, aiming to mar the company's promotion of a clean image which was largely based on its recycling activity in the US.

Although no industrial plant was planned for La Mosquitia, reports that Stone's Florida paper plants had been fined for effluent violations set heads nodding in Honduras, where plans to dispose of toxic waste from the US have made the headlines several times in the last year.

Local opponents also included the Association of Sawmill Operators, which said that the agreement flouted a 1974 law requiring 51 per cent local participation in forest enterprises. The opposition, however, extended far beyond the usual range of interest groups and lobbyists, providing a rare victory for popular activism in Honduran government decision-making.

The company launched a publicity campaign in January, but it came too late to save a project that was seen as a vehicle to dig the company out of debt problems. Stone had negotiated too good a deal. As it carried a presidential imprimatur, a quick deal was seen by Honduran officials as likely to yield more favours at the top than an agreement more fiercely negotiated.

The proposed 40-year term of the agreement, though chosen essentially as the period needed to regenerate the pine forest, was particularly damaging, because it evoked timber concessions ceded by corrupt military governments early in the century.

Amid the furore, the details of the proposal were easily lost from sight: the more so, because the government never authorised the publication of a Master Agreement signed in September. A clumsy draft version which suggested incorrectly that the government would itself undertake most of the infrastructure work associated with the project was widely leaked. Most of this was already built and the company itself was financing what extra infrastructure was needed.

By the agreement, Stone was to supervise local sawmills, applying sustainable exploitation techniques developed in the US. Stone would buy the residues unsuitable for board production and ship them to a new chip-mill to be built at the northern port of Puerto Castilla. The proposal did not involve logging in the hardwood forest.

The company, which needs woodchip to supply its US paper plants, was to invest $25m in the chip mill and a barge port. The plan involved the creation of 3,000 jobs, mainly waste collection and firewatching. Unemployment in the region is estimated at 80 per cent, and most Mosquitians welcomed the deal.

The agreement also proposed that Stone buy wood unsuitable for board production *throughout Honduras*. An estimated 40 per cent of the potential of the forest is wasted at present. Finally, Stone was to give technical advice to private landowners throughout the country on reforestation for commercial harvesting in areas destroyed by marginal agriculture and ranching.

"Honduras has tremendous forestry potential," says Morales, "but if it isn't used it will be destroyed." The country has seen its forest area decline from 7.4m hectares in 1974 to 4.5m in the late 1980s, largely as the result of 'slash and burn' agriculture on the forest margins.

In the Mosquitia, Nicaraguan migrants fleeing the Contra war in the 1980s added to the pressure. Also, the national logging industry has a poor record on reforestation. In parallel with the decline in the forest stock, wood exports (almost entirely pine) have declined from 114,000 board feet in 1980 to 31,250 board feet in 1991.

Many Honduran ecologists accept *the principle of sustainable economic exploitation of the forest.* Their opposition to Stone was based on the suspicion, fuelled by the secrecy surrounding the agreement, that it was badly negotiated and lacked adequate environmental guarantees.

FT LAW REPORTS

Lloyd's review is set aside

REGINA v LLOYD'S AND OTHERS, EX PARTE BRIGGS AND OTHERS

Queen's Bench Division (Divisional Court):

Lord Justice Leggatt and Mr Justice Popplewell:

July 17 1992

LEAVE TO apply for judicial review will be set aside if the application for leave was out of time and counsel failed to apply to extend time, and if leave would not in any event have been granted had counsel disclosed that the parties and issues overlapped with those *of earlier parallel proceedings*.

The Divisional Court so held when granting an application by the Corporation of Lloyd's and others to set aside leave granted *ex parte* by Mr Justice Potts to six Lloyd's Names, Mr FC Briggs and others, to apply for judicial review to quash cash call statements and auditors' reports issued by Lloyd's.

LORD JUSTICE Leggatt said that on May 19 1992 the six Lloyd's Names including Mr Briggs obtained *ex parte* from Mr Justice Potts leave to apply for judicial review against Lloyd's, its committee, chairman, deputy chairman and a company called GW Run-Off Ltd.

In earlier parallel proceedings by representatives of 800 Lloyd's Names against members' agents, Mr Justice Saville had refused applications for interlocutory injunctions to restrain the agents from drawing down on the applicants' deposits. He took the view that on the material before him there was no legal basis for restraint.

Lloyd's now applied to set aside the leave granted by Mr Justice Potts.

Rules of Court required that an application for leave must be made within three months.

The application was to quash cash call statements and auditors' reports, all issued more than three months before May 19. The Names were out of time and no application was made to extend time.

The first main ground for applying to set aside was that the Names did not make full *and frank disclosure of* the overlap between the present proceedings and those that had been before Mr Justice Saville.

At the beginning of the hearing Mr Justice Potts asked counsel for the Names about the earlier proceedings, of which he had learned from newspaper reports.

Counsel asserted that the applicants were wholly different and that there could be no overlap of issues because the proceedings before Mr Justice Saville concerned private law rights, whereas the present proceedings concerned public law.

He did not know that any of the present Names were parties to the earlier action. Because no hint of overlap was given he took it as implicit that there was no overlap.

He failed sufficiently to comply *with his duty* to the court.

With regard to private and public law wrongs, he "considered that the issues raised could not directly overlap".

But that proceeded on a superficial comparison between the two actions, and a failure to analyse the issues properly.

Three of the Names were plaintiffs before Mr Justice Saville.

Counsel made no enquiry to ascertain, as was an obvious possibility, whether there was any overlap of parties.

His assumption that there was no overlap was wholly unjustified.

On the present application to set aside, Mr Colman for the Names was obliged to accept that there was non-disclosure or misrepresentation to Mr Justice Potts in three respects: duplication of *identity of three* plaintiffs in the earlier action and three Names in the present proceedings; overlap of issues; and participation by Mr Briggs, before the hearing, in the voluntary draw-down procedure.

In relation to each, however, he contended that the misrepresentation was immaterial.

Where an extension of time was necessary in which to apply for judicial review there was an obligation on counsel to apply for it. If a judge gave leave, he was not to be taken by implication to have extended time.

The relevance of the fact that three of the Names had been plaintiffs in the other action was that if Mr Justice Potts had realised they were common to both sets of proceedings he would *obviously* have considered carefully the content of Mr Justice Saville's judgment.

If he had read the judgment, he would have realised the issues were kindred, and that the remedies sought were similar in effect.

In those circumstances it was unlikely he would have given leave, especially when he realised that Mr Briggs had already submitted voluntarily to the draw-down system.

The second main ground for the application to set aside was Mr Colman's abandonment of the essential case by which the Names had been successful.

Before Mr Justice Potts, counsel had argued that the Lloyd's regulators had used their discretionary powers contrary to the policy and objects of the private Act which vested *them with their statutory* powers, in particular the Lloyd's Act 1871, section 10.

Mr Colman sought to have the application treated as though founded on a wholly new case not hitherto considered.

He contended that although there was no overriding duty owed by Lloyd's to the Names, it owed different duties to different groups – policyholders, brokers, agents and names – and that it was its responsibility to strike a balance between the duties owed so as to protect the interests of each group.

But it was unclear why and in what respects the cash call system demonstrated such failure to look out for the interests of Names as to attract judicial review.

No bad faith was imputed; *there had been no failure to* exercise statutory power fairly; Lloyd's had not paid regard to irrelevant considerations or failed to pay regard to relevant considerations; its decision had not been made with manifest unreasonableness; and there had been no failure to observe proportionality.

Since the main ground on which leave was obtained had been abandoned, unless the court were to exercise its discretion with untoward beneficence, the leave thus obtained must be set aside.

The third ground for applying to set aside was that the names' motion was doomed to failure or was not seriously arguable.

Mr Colman argued that Lloyd's had by its conduct under its "old system" given *rise to a legitimate expectation* in the minds of Names that the same specificity in the sums of money required by cash call statements and the same 30-day notice to draw-down, as opposed to the revised practice of accelerated draw-down, would continue to be given.

None of the Names was shown to have conducted himself in consequence of his knowledge of the old practice, or on an assumption that it would continue.

Styling the Names' complaints as "legitimate expectations" did not so alter their character as to permit the invocation of public law remedies by way of judicial review.

The fourth ground for applying to set aside was that, because the rights relied on and the remedies invoked were not in truth matters of public law, *Lloyd's was not in this* context amenable to judicial review.

Even if Lloyd's did perform public functions – for example, for the protection of policyholders – the rights relied on in the present proceedings related exclusively to the contract governing the relationship between Names and their members' agents, and in some instances their managing agents.

That had nothing to do with public law.

Lloyd's operated within one section of the market. Its powers were derived from a private Act which did not extend to any persons in the insurance business other than those who wished to operate in the section of the market governed by Lloyd's, and who committed themselves by contract.

Neither the evidence nor the submissions suggested that there was such a public element about the relationship between Lloyd's and the Names as to place it within the public domain and render it susceptible to judicial review.

Most of the submissions made by Lloyd's in seeking to set aside, led to the same conclusion – for a variety of reasons Mr Justice Potts would not have granted leave had he been told what he should have been told about the earlier proceedings.

Leave to apply for judicial review was set aside.

For Lloyd's: Gordon Pollock QC, Mark Havelock-Allan and Alison Foster (Lloyd's solicitors)
For the names: Anthony Colman QC [who did not appear in the court below] and Richard Gordon (Bentleys Stokes & Lowless)

Rachel Davies
Barrister

PEOPLE

Hue Williams moves to Guinness Mahon

Charles Hue Williams, who resigned from Kleinwort Benson Securities in October 1990 after one of his "bought" deals went terribly wrong, has resurfaced at Guinness Mahon, the Japanese-owned merchant banking group.

He has joined the board of Guinness Mahon's agency broking business, Henderson Crosthwaite Institutional Brokers. A former partner of jobbers Wedd Durlacher and joint managing director of Kleinwort Benson Securities, Hue Williams, 49, is well known in the City and used to be regarded as one of the big players in the oil share market.

Unlike the big integrated securities houses, Hue Williams' new employer does not make markets in shares so he will have to content himself with concentrating on developing Henderson Crosthwaite's institutional research, broking and corporate finance activities in the energy sector.

The hope is that with Hue Williams' connections, Henderson Crosthwaite will be able to make the same sort of mark in the energy sector as it has in areas such as food manufacturing where its research team is highly regarded.

Hue Williams is the second high profile appointment made by David Potter, who took over as chief executive of the loss-making Guinness Mahon in October 1990.

A few weeks ago he recruited Kevin Kenny, a former chief executive of Tyndall Holdings, to be director of international private banking. Potter believes that if small merchant banks are to succeed in this climate they need a dozen or so good people, like Hue Williams, at the top.

Hue Williams has been absent from the City since Kleinwort Benson lost £35m on a 29.7 per cent stake in Premier Consolidated Oilfields. Hue Williams' team bought the shares at 99p and had hoped to sell them on at a premium. Unfortunately, the market *started falling and after several* months the shares were placed at 78p.

They are now trading at 15p. "Everyone makes mistakes," says Potter who admires Hue Williams' decision to accept the blame and resign from Kleinwort. Hue Williams, he says, is a "man of absolute integrity".

However, he has no fears that Guinness Mahon might be hurt by a repeat of the Premier débacle. "We are not a market-maker, we have set our face against it."

■ Ken Young, deputy chairman of the Post Office, was yesterday named non-executive chairman of the Student Loans Company, which administers the government's student loan programme. He replaces Malcolm Huriston who resigned unexpectedly last month, after less than a year in the position.

Young has been on the Post Office Board since 1972, during which time he served variously as chairman of Girobank, of Post Office Counters *and of* Post Office Subscription Services. He is currently chairman of the Roehampton Institute. Before joining the Post Office he had been group personnel manager at General Electric. Education secretary John Patten said yesterday "we are confident that under his guidance the company will go from strength to strength".

Huriston, who resigned "because of the pressure of his other business commitments", is an independent corporate *consultant specialising in* consumer credit and public affairs.

■ **Total quality management may not be a phrase which Network SouthEast commuters readily associate with British Rail, but it is something that has been going on within the corporation for four years now; and from September, it is to have a new director in Iain Livingston, 42.**

Livingston, presently *managing director of the* US-owned Butler Service Group international division, a company providing contract technical services, was previously with Rank Xerox (UK), a pioneer in total quality management.

He takes charge of BR's TQM programme as its second phase gets under way. A quality process programme is in place, *with pilot* projects throughout the railway aiming to improve performance. Each of the rail businesses has a TQM directorate responsible for quality audits, the creation of quality systems, and training. The ultimate aim is to improve the service to *customers*, both passenger and freight.

Livingston replaces Brian Burdsall, who moved to become director of the East Coast Main Line in an earlier round of changes.

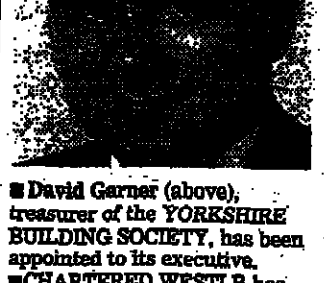
■ The change of emphasis at McKechnie, away from metal components and towards plastics, has led to John Kembery resigning from the board with effect from July 31. He is replaced by Derry Hanratty, who is being promoted internally.

McKechnie saw through the disposal of the metals business some 18 months ago. But Kembery, a metallurgist by training whose experience with the company has largely been on that side, stayed on to help smooth the transition, according to chief executive Michael Ost. Kembery has been at McKechnie since 1981.

Hanratty, who counts 20 years with the company, had been managing director of Harrison Drape, the window furnishings operation within the group, before heading the consumer products division. With his forthcoming promotion he takes on the specialist engineering business.

Finance moves

■ **Nicholas Wills**, deputy chairman of National Mutual Life Assurance Society, has been appointed a director of BARING TRIBUNE INVESTMENT TRUST.



■ **David Garner** (above), *treasurer of the* YORKSHIRE BUILDING SOCIETY, has been appointed to its executive.

■ CHARTERED WESTLB has appointed **William Hayes** md of the developing country finance group, based in New York, **David Olson** md of North American corporate finance, based in New York, **Ernst von Fischer** and **Andrew Lee** directors, corporate finance, based in Berlin and London, respectively, and **Rupert Fordham** and **Ian Tweedley** directors in the developing country finance group, based in London and New York, respectively.

■ **Grant Woods** has been appointed a director of TOUCHE REMNANT Investment Management.

■ **Tom Ford**, *chief* executive, capital markets division, **Stuart Mackenzie**, chief executive, money markets division, and **David Satchell**, chief executive, foreign exchange division, of Harlow Butler Ueda, have been appointed to the board of HARLOW BUTLER HOLDINGS Ltd, part of MAI.

■ **Gary Lowe**, previously a senior director of Fidelity Investments, has been appointed a director of MERCURY ASSET MANAGEMENT and of *Warburg Asset Management*.

Alan Parker, former Holiday Inn Worldwide senior vice-president and managing director for Europe, Middle East and Africa, is joining the Whitbread group of hotels as managing director.

He succeeds Tim Rowan-Robinson who left the company earlier this year.

Before joining Holiday Inn in 1988, Parker, 45, was managing director of Crest Hotels' continental European operations. He was also sales and marketing director at Thistle Hotels for eight years.

Whitbread's 88 hotels include Country Club, Lansburys and Travel Inns.

Television/Patricia Morison

Thoroughbreds and old nags

SOPPY though it may seem, the week's most enjoyable viewing for me was *The Peruvian Paso Horse* (Saturday, C4). A paso is native to Peru, a chunky little horse which throws its front legs out like a swimmer doing butterfly. Unfortunately, this beautifully filmed documentary was shown at tea-time, which was nice for younger members of the Pony Club but meant that most adult horse-lovers – not a small constituency – missed a treat.

Prime-time animal programmes tend to be grittier and altogether worthier. They harrow us over the imminent extinction of a species, or confront us with shots of humans doing beastly things to animals – poachers sawing off elephants' feet, abattoirs, vivisection, etc. Alternatively, wildlife films show animals doing ghastly things to each other, to maintain what an older generation of film-maker used to call the "balance of nature".

In contrast, the hymn to the paso appeared distinctly effete; an hour-long rhapsody about a thriving and wholly artificial breed designed to give the Peruvian land-owning class an even smoother ride through life. The paso descends from bloodstock brought to Peru by Pizarro in 1531, and thence from the famed Spanish jennets of the middle ages. Centuries of breeding have produced a sweet-tempered horse like an equine mattress and easily capable of 40 miles a day around the *hacienda*. So smooth is a paso that a poncho-clad chap was shown riding at speed with a full champagne glass in his hand. Very useful at a Boxing Day meet…

Horses give the best performances in *The Riders of the Dawn* (Thursday on C4), the terrible yet mildly addictive Spanish drama series set in a health spa in Civil War Spain. Black thoroughbreds pound across the set in slow motion every time terminal wilt threatens the story-line. They symbolise raw nature plus the untamed recesses of the Spanish soul.

Every human member of the cast belongs to the *jamón* school of acting although to be charitable, the poor dears are hindered by a farcical plot, a Spanish version of *Cold Comfort Farm* crossed with *Gone With the Wind*. It is served with liberal dollops of sex, for one and two players. Subtitles make the staccato script quite ludicrous. An old gentleman puffs into the Spa. "It's getting hot out there", he opines. The weather? query the inmates. "No, the political situation."

I have stuck with this amusing tosh, curious to find out what happens to the web-fingered daughter they chained up in the cellar. But interest has flagged since the Republicans shot her hermit dad in the balls. He was wonderful, a prophesying nutcase who answered the prayers of barren ladies without recourse to the supernatural.

Franco, Behind the Myth (Thursday, BBC1) was disappointing, almost inevitably given that producer Anthony Geffen compressed Franco's entire life into one hour. Surely Franco's importance merits the fuller treatment recently, and memorably, accorded to Stalin? Jonathan Dimbleby suavely presented an interesting portrait of El Caudillo thanks to archive film and interviewees who included Franco's daughter, his niece, and Eisenhower's interpreter, who recalled how entranced the President was in Madrid in 1959 by well-staged mass expressions of love for their leader.

But by the standards of the best television histories, *Franco* failed. Its premise was that in contemporary Spain, Franco's memory has been wiped out by an act of collective amnesia. Several times, Dimbleby made this striking assertion – but the evidence to back it up was missing. It is one thing to detect a "web of myth" around a historical figure but it is quite another – and indeed something of a contradiction – to assert that he has been forgotten or expunged. If this is the case with Franco within Spain, who then is responsible for unearthing the new material which gave this documentary its particular interest?

Take the film of Franco's speech of loyalty to the Axis in late 1940. Found "very recently", it argues powerfully against the Francoist view that the General strove to keep Germany at arm's length. Who found the film, and is its significance really ignored in Spain? A second hour and some academic talking heads would have given this ambitious film vastly more "bottom".

The excellent documentary series, *Invisible Enemies* (Sunday, C4) provided the most alarming information of the week. Do not eat oysters in Alabama, or you could catch cholera. Do not sleep on the ground in California, or you may catch bubonic plague. Far from dying out, the Black Death is on the loose in the US and the more our lifestyles change, even for the better, the greater the risk from disease.

Few tropes are more enraging than the journalist on a voyage of self-discovery. *Searching for a Killer* got the latest run of Video Diaries (BBC2, Saturday) off to a teeth-grinding start. Innocent Geoffrey Smith clearly has trouble with the concept of military dictatorship. In 1987, he was unlucky enough to get shot in the leg during a horrendous massacre at a polling-station in Haiti. The experience gave Mr Smith bad dreams, so he decided to go back to confront his would-be killer.

How strange, no one in Port-au-Prince was anxious to help with nice Mr Smith's enquiries. But did he really think Haiti is like Clacton-on-Sea? Presumably he was working as a newsman in 1987, or how else did he come to be surveying the freshly killed bodies with the international press corps and then cop it in the leg when the gunman returned?

The film dwelt at quite unnecessary length on CBS footage of the corpses in the school. A brave dissident provided Smith with film of bodies executed by the police and dumped on waste-ground, which sent the intrepid Mr Smith off looking for the corpses. Damn it, someone had moved them.

Cheap thrills and a grotesque level of disingenuity made this one of the most nauseating programmes I have seen. Smith played out his emotions for the camera, being frightened for his own skin as gunfire echoed through the night, being ever so sorry for two burglars executed for robbing his apartment.

As he complained to his friend, the wise voodoo priest, he never got his Walkman back. But at least he got those precious videotapes home – film which presumably will earn him as much as the average Haitian earns in years. So it was all worth it. Mr Smith's bad dreams have stopped and he can rebuild his new life. Meanwhile, how are his unfortunate friends and contacts doing, back in Port-au-Prince?

Easy rider: champagne at the gallop in "The Peruvian Paso Horse"

Die glückliche Hand

SCHOENBERG'S 1913 "drama with music" *Die glückliche Hand* added on Monday another brilliantly polished item to the schedule of operas-in-concert at this year's Proms. It calls for a baritone protagonist, two mimes, chorus, enormous orchestra and offstage band, and was intended to be mounted with a paraphernalia of stagecraft so complicated that long stage directions accompany almost every bar of the score.

A key factor in the genesis was the elopement in 1908 of Schoenberg's first wife with the painter Gerstl: how typical of the composer's ruthless honesty in self-analysis to discover in his own wounded psyche the raw material for music-drama of this kind, and then to clothe the experience in sonorities of many-layered texture. In many ways it remains the musico-dramatic Expressionist Handbook, a vision of several arts uniting in the depiction of extreme states of mind.

Twenty or so minutes of its passage seems like anyone else's 60. At various times attempts have been made to bring it to the stage (recently, for instance, by the Netherlands Opera) – but these, I submit, are doomed to prove unfaithful to the letter of Schoenberg's text, if not the spirit. During this superbly achieved and finished concert realisation by the BBC Symphony Orchestra and Singers under Oliver Knussen, with David Wilson-Johnson as The Man, I felt once again that the mind's eye, aided and informed by the ear, is probably the ideal location for any production.

That way, at least, concentration on Schoenberg's tantalisingly tight-packed musical matter can build up without distraction. Knussen's gifts of sympathetic elucidation are now all but unequalled among conductors of 20th-century scores; with masterly confidence he led the orchestra, and the listener, through the labyrinth of motivic relationships, the closely worked developments and cross-references, the webs of luminous, icily glittering sound.

I have seldom been so gripped, fascinated, deeply stirred. This *Gluckliche Hand* came at the end of a "difficult" – but in fact wildly pleasurable – 20th-century concert, of a kind only the BBC would now dare promote. Stravinsky's Four Studies, Colin Matthews's rhythmically complex and coruscating, rawly energetic *Broken Symmetry* (first performed at the Barbican last March) and Elliott Carter's austerely exhilarating *Three Occasions* were its other parts, all delivered with magnificent authority.

Max Loppert

At Sunday's Prom the Glyndebourne Festival Opera scored its annual triumph, this time with Chaikovsky's *The Queen of Spades*. With minimal props, Caroline Sharman contrived the "semi-staging" resourcefully. A surprising amount of the gambling-house action was crammed on to the modest sloping platform; in other scenes the chorus were represented there by a few token figures, while their colleagues sang from the choir-stalls at either side. The London Philharmonic played in front of them, and Andrew Davis drew brilliant work from them without threatening his singers.

Very little of the drama was lost, thanks above all to Yuri Marusin's wonderfully louche, haunted hero, prowling the platform and its borders like a driven predator. The principal ladies, Nancy Gustafson and Felicity Palmer, again made striking impressions; Sergei Leiferkus and Dimitri Kharitonov sang the male aristocrats nobly; Marie-Ange Todorovitch lent her lovely, penetrating mezzo to Pauline, and as "Daphnis" also partnered Anne Dawson's charming "Chloë" in the Pastorale. With all the lesser roles firmly cast, the performance was wholly rewarding, and tumultuously received.

David Murray

Don Bellamy, Renee Robinson and Nasha Thomas

Ballet/Clement Crisp

Blues Suite

ALVIN AILEY believed that "dance should primarily be entertainment". His mission was to show the themes and styles of black American dancing to the widest possible public, and it was on the terms of theatre at its most direct, most instantly appealing, that he chose to work.

The reactions of audiences during the present season by the Ailey company at the Coliseum – shouting, yipping, wildly applauding after each number – indicate how immediate is the effect of Ailey's troupe upon a public which is not, I suspect, prepared to rise with such open enthusiasm to other large dance companies. It is a response that is given otherwise only to concert performances by the Bolshoy Ballet, where every pirouette and ardent leap wins a cheer. The link lies in the performers' vividly communicated sense of involvement in their roles, and even in the exuberance of their dancing as an expression of identity.

Ailey's sharp sense of theatre – confirmed by his years performing on Broadway – always seemed more sure than his ability to create choreography valid in terms of movement. As we saw on Monday night, when an all-Ailey programme became the second and final offering of this Coliseum season, his theatricality constantly rescues his dances.

His early *Blues Suite* is yet another display of strutting bucks and saucy girls flaunting their charms in that stiff-legged walk that makes them look like exotic birds. The dances are cliches, the characters are stereotypes, but the piece wins its cheers because of the rhythmic bravura of its cast. They preen or slouch, and their steps have an electric speed and a self-mocking wit – are they sending themselves up, or merely the characters they play? – which transcend the predictabilities of what they do.

So, when Nasha Thomas teases and provokes Don Bellamy in *Backwater Blues*, or Dudley Williams and Raquelle Chavis (mistress of an acutely crutch-sprung walk) stalk each other, we are held, not by the power of the choreography, but by the performers' verve. And, *pace* W B Yeats, we can know the dancer from the dance.

Ailey as commentator upon serious social and racial themes – with *Revelations* this is probably his most celebrated work – speaks truly in *Cry*. Designed as a tribute to "Black women everywhere", it is a solo whose patent sincerity outweighs its expressionistic naiveté. Created for Judith Jamison, who now directs the Ailey company, it was danced by Renee Robinson with absolute conviction, and with an eloquence that avoided bombast or emotional wallowing. Miss Robinson was very fine.

I thought *The River*, the major piece in the evening, perfectly dreadful when it was given by American Ballet Theatre, for whom Ailey made it in 1970. It had a commissioned score from Duke Ellington, and a choreographic style that veered between awkward academic writing and the loose-hipped demotic of popular dance. As performed by the Ailey dancers, it looks even less appealing, since they do not offer the classic securities with which such ABT artists as Natalya Makarova and Erik Bruhn redeemed choreographic blatancies. Eight numbers chart the course of a river. The mood is by turns soulful or vivacious, and mostly veers towards the cute. The dancers are tremendously energetic – they look as if they are in deep water. Happily, the evening ends with *Revelations*.

The Alvin Ailey American Dance company continues with this programme at The Coliseum, London, until August 1.

Festival d'Aix-en-Provence/Andrew Clements

Don Giovanni

TWO NEW productions and a revival provide the operatic fare at Aix-en-Provence this summer, all three cast with singers of the first rank. I will report later on Alfredo Arias' staging of *The Rake's Progress* as well as on Robert Carsen's much lauded *A Midsummer's Night Dream*, brought back from last year. The third offering is a *Don Giovanni* conducted by Armin Jordan and expensively produced by Giorgio Marini, with Andreas Schmidt in the title role.

An Aix regular assured me that there is always one safe production in the repertory each year, something calculated not to shock or outrage any of the local patrons; this year that is reckoned to be the *Giovanni*. To me it seems not entirely inoffensive; but those with a low tolerance of dramatic boredom or a dislike of bland musical superficiality would certainly have an uncomfortable experience. Marini's direction plays the action absolutely straight, with glossy 18th-century costumes and a minimum of extraneous stage business.

The sets by Arduino Cantafora are the central interest: elaborately painted flats of the buildings and grounds of a country estate ascend and descend not only between scenes but regularly during them. There is much play with beautifully detailed *trompe l'oeil*, a succession of false prosceniums and with mysteriously divisive half-curtains, providing plentiful opportunities for irrelevant peekaboo. The graveyard scene is presented behind a gauze framed like a canvas on which is emblazoned a Magritte-style clockface, which then retreats upstage for the final drama and its painfully tame climax.

It is all innocuous enough, and in the end perfectly unobtrusive; there is no imperative to worry at what it all means. But neither is there anything in the direction of the singers that illuminates or informs. Certainly the performances give no impression of detailed interpretation or a hint of cogent dramatic planning – most of the protagonists could well have imported their stock performances – and in the process the opera's strongest flavours have been leached away.

First and foremost it is a determinedly unsexy *Giovanni*, so much so that wonders what on earth he was doing with all those women listed in Leporello's book – playing whist with them, perhaps? – and what he could possibly have done to deserve his ultimate fate. Also it is a version of the opera in which the element of class distinction has been totally obscured. Zerlina and Masetto seem all of a piece with the others; even if he has some oddly dressed friends, she appears all elegance and grace, at least the social equal of the Anna and Elvira.

In part that all is a consequence of the casting, for though it is sung with firm, solid tone and technique, Schmidt's Giovanni at the opera's heart is a woefully uncharismatic figure, lacking humour, charm and even a flicker of sensual appeal. The character exudes no qualities at all, even negative ones, and against that utterly neutral background a Leporello as engaging as Anton Scharinger's emerges all the sharper, providing the wit and quick intelligence his master appears to lack. With the Anna (Hillevi Martinpelto) and Ottavio (Herbet Lippert) costumed and bewigged like a rococo Tweedledum and Tweedledee, and an Elvira (Patricia Schuman) much given to scarlet gowns and obsessional wandering across the stage, the Zerlina of Marianne Roerholm has much more chance to carve her own niche. She does it beautifully; though the others sing with care and precision she is the only one to invest her lines with any meaning, to synthesise personality and music point.

But none of the singers could have been helped by the conducting. Though Jordan was very careful to make the English Chamber Orchestra in the pit articulate every phrase with great precision, he did so at the expense of any forward momentum or variation in dynamics. Some arias (Ottavio's pair especially) almost ground to a halt; others were drilled out when they should have at least hinted at sweet persuasion. It epitomised the whole approach to the opera, a *Don Giovanni* lacking light and shade, any genuine feeling of perspective rather than the succession of false ones paraded on the stage.

INTERNATIONAL ARTS GUIDE

■ AMSTERDAM

Concertgebouw 20.15 Ross Pople conducts the London Festival Orchestra in works by Handel, Malcolm Arnold, Britten and Vaughan Williams. Fri: Elly Ameling sings Falla and Granados (6718 345)

■ ATHENS

ATHENS FESTIVAL
American Ballet Theatre gives four performances at the Odeon of Herodes Atticus this week, opening tonight at 21.00 with a mixed bill including Jerome Robbins' Other Dances and Aurora's Wedding from Sleeping Beauty (repeated tomorrow). The programme on Sat and Sun is Raymonda Act 3, Ashton's Symphonic Variations and Glen Tetley's Le Sacre du Printemps. Next week: National Theatre of Greece production of Euripides' The Trojan Women (322 1459)

EPIDAURUS FESTIVAL
The annual festival of ancient drama in the 14,000-seat amphitheatre at Epidaurus has plays by Sophocles, Euripides, Aeschylus and Aristophanes on most weekends during the summer. This week's performances (Fri and Sat) of Sophocles' Antigone are given by the National Theatre of Greece. Next week: Aeschylus' Prometheus Bound. Performances begin at 21.00.

Tickets are available daily at the Athens Festival box office (322 1459), or at the theatre of Epidaurus every Thurs, Fri and Sat (0753-22006)

■ BARCELONA

Gran Teatre del Liceu 21.00 Ramano Gandolfi conducts the Orchestra of the Liceu in a programme of arias and duets, with Giacomo Aragall and Miriam Gauci. Tomorrow: Orchestra and Chorus of Minsk. Fri: Marilyn Horne and Arleen Auger are soloists in a Rossini programme with the Liceu Orchestra. Aug 3-8: Spanish National Ballet (Rambla dels Caputxins 61, tel 412 1198)

■ LONDON

DANCE
Covent Garden 19.30 Sylvie Guillem in Natalia Makarova's Royal Ballet production of La Bayadère, also tomorrow (and Sat with Altynai Asylumuratova). Fri: Romeo and Juliet. Royal Ballet season runs till Aug 8 (071-240 1066)

Coliseum 19.30 Alvin Ailey American Dance Theater. Daily till Sat (071-240 5258)

Royal Festival Hall 19.30 Ben Stevenson's English National Ballet production of Cinderella, daily till Sat. Next week: Coppélia. Aug 10-15: Romeo and Juliet (071-928 8800)
Purcell Room 20.00 Shobana Jeyasingh Dance Company in a triple bill incorporating elements of classical Indian dance style. Repeated tomorrow and Fri (071-928 8800)

MUSIC
Barbican 19.30 Count Basie Orchestra, led by tenor-saxophonist Frank Foster. Tomorrow and Fri: Victor Borge (071-638 8891)
Royal Albert Hall 19.30 Libor Pesek conducts the Royal Liverpool Philharmonic Orchestra in works by Dvořák, Ives and Sousa. Tomorrow: Gabrieli Consort. Fri: Matthias Bamert conducts the BBCSO. Sat: new work by Richard Rodney Bennett. Sun: John Eliot Gardiner conducts Handel and Goehr (071-823 9998)

CHICHESTER FESTIVAL
Tonight's performance is King Lear in New York, Melvyn Bragg's witty and powerful drama (runs till Sep 26, next performances on Aug 1 and 8). Tomorrow: final performance of Christopher Fry's comedy Venus Observed, starring Donald Sinden. Opening on Aug 5: She Stoops to Conquer, Oliver Goldsmith's glorious comedy about love, directed by Peter Wood. The festival runs till Oct 3 (0243-781312)

■ NEW YORK

JAZZ/CABARET
Blue Note Jazz Club and Restaurant This week's guest is soprano saxophonist and fusion groove master George Howard, who has carved a niche over the past decade as one of the most distinctive voices in contemporary jazz and R&B. Showtimes at 21.30 and 23.30. Dining (131 West 3rd St near Sixth Avenue, 475 8592).
Algonquin Hotel KT Sullivan, who won this year's outstanding female vocalist award in Manhattan, is currently making her debut in the Oak Room. Shows at 21.30 tonight and tomorrow, with an extra show at 23.30 on Fri and Sat. Dining (59 West 44th St, 840 6800).
Rainbow & Stars An Irving Berlin revue entitled Say it with Music is currently underway daily except Mon from 21.00. Dining, plus views of the Hudson (30 Rockefeller Plaza, 632 5000).
MUSIC
Avery Fisher Hall 20.00 Mostly Mozart Festival: Christoph Eschenbach is conductor and piano soloist in a programme including Beethoven's First Piano Concerto and Zerbinetta's aria from Ariadne auf Naxos, sung by Cynthia Sieden. Tomorrow: Brass spectacular. Fri and Sun: Barry Douglas plays Mozart (875 5030)
New York State Theater 20.00 City Opera production of La bohème, with Elizabeth Hynes as Mimi. Tomorrow: La traviata. Fri: 110 in the Shade. Sat matinee: Cav and Pag. Sat evening: Carmen. Sun matinee: La traviata (870 5570)

THEATRE
● The Best of Frobidden Broadway: tenth anniversary edition of Gerard Alessandrini's musical revue, mixing new material with favourite numbers from the past (Theatre East, 211 East 60th St, 838 9090).
● Two Trains Running: August Wilson's latest play, set in a Pittsburgh luncheonette in 1969 (Walter Kerr, 219 West 48th St, 239 6200).
● Dancing at Lughnasa: Brian Friel's wistful autobiographical play with an American cast (Plymouth, 236 West 45th St, 239 6200).
● Guys and Dolls: a lively production of Frank Loesser's musical, directed by Jerry Zaks (Martin Beck, 302 West 45th St, 239 6200).

● Ticketmaster answers inquiries and sells tickets for Broadway shows (307 4100) and rock/pop concerts (307 7171)

■ PRAGUE

A summer season of concerts has been organised in the city's historic buildings and gardens. Tonight in Wallenstein garden: Czech Brass Quintet in works by Smetana, Verdi, Mozart, Handel and others. Tomorrow afternoon in Church of Maria Virgin of Snow: recital of sacred songs by Vojtech Naisezenec, with works by Dvořák, Bach and Mozart. Tomorrow evening in South Garden of Prague Castle: Prague Wind Quintet in works by Beethoven, Ibert, Hindemith and Czech baroque composers. Advance booking at the Smetana Hall (u Prasne brany 2, 232 5858).

● For pre-booking and information about other events, contact city centre ticket agencies (Bohemia, Na Prikope 16, 228738, or Melantrich, Wenceslas Square 38 in the passage, 228714).

■ VIENNA

OPERA
The Kammeroper presents its production of Don Giovanni every Wed, Fri and Sat till Aug 15 in the Imperial Gardens of Schönbrunn Palace, with a cast headed by Danish baritone Boje Skovhus. Performances begin at 20.30 (512 0100).

CONCERTS
Alexander Rahbari conducts the Belgian Radio Philharmonic Orchestra in tonight's concert at the Konzerthaus, with music by de Boeck, Brahms, Debussy and Ravel.

In tomorrow's programme, Rahbari conducts works by Gottfried von Einem, Saint-Saëns and Dvořák. Fri in Rathaus: Mozart programme with the Vienna Academy (4000 8410).

THEATRE
Vienna's English Theatre (Josefsgasse 12) has performances of Run for Your Wife, daily except Sun (402 1260)

European Cable and Satellite Business TV

(all times CET)

MONDAY TO FRIDAY

CNN
2000-2030, 2300-2330 World Business Today – a joint FT/CNN production with Grant Perry and Colin Chapman

Super Channel
0830-0900 (Mon) FT East Europe Report – weekly indepth analysis from FTTV
2130-2200 (Tues) Media Europe – what's new in European media business
2130-2200 (Wed) FT Business Weekly – global business report with James Bellini
0830-0900 (Thurs) Media Europe
2130-2200 (Thurs) FT Eastern Europe Report
0830-0900 (Fri) FT Business Weekly

Sky News
0130-0200 (Mon), 2130-2200 (Thurs), 0530-0600 (Fri) FT Business Weekly

SATURDAY

CNN
0900-0930 World Business This Week – a joint FT/CNN production
1900-1930 World Business This Week

Super Channel
1950-2000 FT Eastern Europe Report

SUNDAY

CNN
1030-1100, 1800-1830 World Business This Week

Super Channel
1800-1830 FT Business Weekly

Sky News
1330-1400, 2030-2100 FT Business Weekly

FINANCIAL TIMES

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Wednesday July 29 1992

Reshuffling education

YESTERDAY'S white paper on education promises a reform of the management of state-financed schools that, it says, will lead to "the pursuit of excellence for all pupils". This is a noble purpose. It can only be applauded. What is not clear is how much of what is in the paper is likely to lead to the fulfilment of so grand a mission.

The national curriculum itself is a step in the right direction. Established in 1988, it is still bedding itself down. Many will think the same of the assessment and examination process. The proposal to merge the relevant governing committees into a single School Curriculum and Assessment Authority will give the secretary of state, Mr John Patten, an opportunity to place known believers in his strict, moralistic code in charge of what is taught and how it is assessed. This is likely to be popular and may even be beneficial. The powerful new chief inspector of schools will ensure compliance; where there is failure an ad hoc "Education Association" will be sent in, rather as a company doctor, to improve or close the recalcitrant institution.

Some of Mr Patten's personal thoughts, as expressed in the introductory essay, will strike a chord with those who wish to see a more rigorous approach to education. "Schools should not be, and generally are not, value-free zones," he writes in one passage. "Pupils need to be told when they are doing badly just as much as they need to be told when they are doing well," he says in another. Nor does he ignore weak performers: schools will be obliged to take children with special educational needs.

So far, so closely in tune with what is becoming the new educational orthodoxy. The difficulty arises in the central thrust of Mr Patten's proposals, which is to detach the school education system in England and Wales from local authority control. The programme of local management of schools within local government might have been made to work, but this choice has not been made.

Before a decade is out most schools will be independently governed. Their income will be provided by a new Funding Agency for Schools (FAS). Local education authorities will gradually wither away. Their remaining functions, such as identifying children with special needs, providing tuition for difficult children, and looking after educational psychology services, may be transferred to social services.

The government will gain from this. It completes the transfer of the education budget from local control, where it hits local taxation, to the Treasury, where it can be cash-limited. It finally liquidates local education authorities it regards as ideologically undesirable. It establishes a national voucher system, with the money following the child to the school of its parents' choice. In the early years this evolutionary change may present few difficulties. But as the new system gathers pace the light bureaucracy implicit in the FAS will inevitably gather weight. It will need to make local decisions about closures and the establishment of new schools. Future ministers will inevitably add responsibilities to this at present seemingly innocent little quango.

In short, schools are in for a huge, generation-long bureaucratic reshuffle. The connection between this upheaval and the theory of parental choice is evident. The connection with the improvement of what goes on in the classroom is not.

Time to interfere

THE TRAGEDY in Somalia raises a fundamental question, as pertinent to the plight of countries such as Zaire or Angola as it is to the fate of 7m Somalis. What responsibility does the west have for erstwhile client states in Africa, once courted for strategic reasons, but abandoned when the end of superpower rivalry made those considerations redundant? And when these regimes collapse, should humanitarian imperatives override national sovereignty and justify the intervention of the outside world, providing aid where and when it sees fit?

The moral responsibility is clear. Africa's cold war legacy is the joint creation of the west and the former Soviet Union, whose rivalry many of the continent's leaders skilfully exploited. But the Soviet Union is no more. Only the west has the capacity to help Africa cope with the legacy, assisted by a United Nations now capable of playing a constructive role in world affairs.

In the era when the Horn of Africa was one of the cockpits of superpower rivalry, Somalia was courted by both Moscow and Washington. A shared border with Ethiopia, itself a cold war battleground, and the need for access to the Somali port of Berbera, strategically located on the Red Sea, made Somalia's friendship worth buying with aid and arms. Those assets are worthless in the new world order. Past rivalry over Somalia has been replaced by near indifference.

In the seven months since General Siad Barre abandoned the capital to competing factions, the country has descended into a state of anarchy from which recovery will be a forbidding task. Some 30,000 people have died. More than 1m Somalis have been displaced from their homes or have taken refuge in neighbouring countries. Aid officials estimate that more than two-thirds of the 7m population are threatened with starvation, while hundreds of children are dying daily.

The arrival in Mogadishu last week of a 50-strong United Nations force to help monitor Somalia's fragile ceasefire is a welcome development. But it comes too late to avert catastrophe, and is too little to ensure a lasting peace.

What more can be done? A good deal, according to Mr Boutros Boutros Ghali, the UN's hard-pressed secretary-general. He accuses the western nations that dominate the Security Council of double standards in dwelling on "the rich man's war" in the former Yugoslavia while largely ignoring the plight of Africa, and has proposed a significant extension of UN humanitarian and peacemaking efforts in Somalia.

Nobody should underestimate the difficulties. Mr Boutros Ghali would be the first to admit that, with paymasters such as the US refusing to pay their share of the budget, the UN is impossibly overstretched by its existing commitments. What is more, intervention in Somalia is highly risky, with aid shipments vulnerable to violent interference from rival warlords in the capital.

Yet there comes a point at which humanitarian needs eclipse other considerations. There are recent precedents, most obviously the UN's role in opening up Sarajevo airport as a conduit for relief supplies. A relatively modest operation in Mogadishu, properly guarded and backed with air cover, would probably save hundreds of thousands of lives. Better still, in the case of the other Somalias waiting to happen in Africa, would be timely diplomatic intervention to avert disaster.

VAT compromise

COMPROMISE IS an inescapable consequence of membership in the European Community. Those who belabour Mr Norman Lamont over his acceptance of legally binding minima in EC indirect taxation should recognise that fact or call for the UK to leave the EC.

Criticism needs to focus not on the fact of compromise, but on whether this particular compromise – painful, beyond a doubt – was worth making. It was. The gain, the abolition of customs frontiers from the beginning of next year, is worth the pain.

Nevertheless, the pain is not negligible. The US example demonstrates that minimum rates of indirect tax are not needed for a single market. Loss of autonomy is particularly painful in the case of taxation, the heart of parliamentary sovereignty. This is also a disturbing precedent, since extension of fiscal harmonisation to direct taxation could undermine the ability of EC governments to set competitive tax rates.

Nonetheless, the agreement is worthwhile. By accepting the 15 per cent minimum rate on VAT, as well as the minima on excise duties, Mr Lamont has ensured that customs barriers will be dismantled. He has achieved this without changing any of the UK's tax rates; he has avoided discriminatory increases in excise duties on whisky elsewhere in the EC; and he has ensured that agreement on the minimum rate to be applied from 1996 will require unanimous consent.

Achievement of the single market, a longstanding ambition of the UK, is worth the price. But one cannot ignore the lesson. Member states are loath to accept actions by others that compromise their ability to pursue traditional goals. In an EC whose member states are strongly committed to high levels of public spending, subsidiarity is subject to severe limitations. The agreement on indirect taxation provides a cogent example.

The education white paper, released yesterday, marks a return to a managed system, writes Andrew Adonis

A lesson from the minister

"Parents know best the needs of their children – certainly better than educational theorists or administrators, better even than our mostly excellent teachers." Education white paper

If schools were supermarkets, life would be simple. The successful would thrive; the failures would go to the wall; and parents, knowing best the needs of their children, would shop around for the highest quality at the cheapest price.

Many on the right of the Conservative party believe such notions can be applied to Britain's schools. In their book, vouchers, a minimal core curriculum and the abolition of local education authorities (LEAs) would do the trick, driving bureaucrats out of the classroom and freeing parents to pick and choose as they see fit. "The free market, if all the rules and regulations can be swept away to make it truly free, will both raise standards and diversify provision," says Mr Stuart Sexton, special adviser to Lord (then Sir Keith) Joseph when education secretary in the mid-1980s.

Post-Thatcher Tories continue to use market language. Entitled "Choice and Diversity", Mr John Patten's education white paper employs it page by page. "Parents know best," it says. "Resources will follow pupils so that good schools will flourish." Opting out of local authority control will, it argues, free the spirit of the nation's schools, allowing them to specialise to appeal to parents, and leaving parents free to "choose the school they believe best suited to the particular interests and aptitude of their children".

In reality, however, yesterday's white paper marks the return to a managed education system. Schools will be subject to less interference, and market forces will play a greater role than before Mr Kenneth Baker's 1988 Education Reform Act encouraged schools to opt out of local authority control. But standards and management, not choice and diversity, are the guiding lights.

The main difference with the pre-Baker schools regime lies in the definition of the standards and the identity of the managers. On the one hand, schools will be expected to meet more rigorous, nationally-imposed and monitored, standards. On the other, out go locally-appointed bureaucrats, in come centrally-appointed bureaucrats – quangos, inspectors, curriculum designers, task forces to rescue failing schools and, standing behind them all, Mr Patten, with powers greater than any previously wielded by an English education minister.

Mr Patten's proposals for the transition from local to national management are workmanlike. An appointed Funding Agency for Schools (FAS) will take over the payment of funds to opted out, "grant-maintained" (GM) schools which are funded directly by central government. It will also assume a range of powers to plan school provision, progressively taking over functions from local education authorities as the proportion of schools opting out of LEAs increases. It will establish regional offices "as the number of GM schools grows".

The white paper insists that the powers of the agency will be "closely prescribed". But then so are those of existing local education authorities under present policy, which is devolving budgetary discretion to all schools. In effect, the government is proposing to replace elected local councils with appointed education quangos.

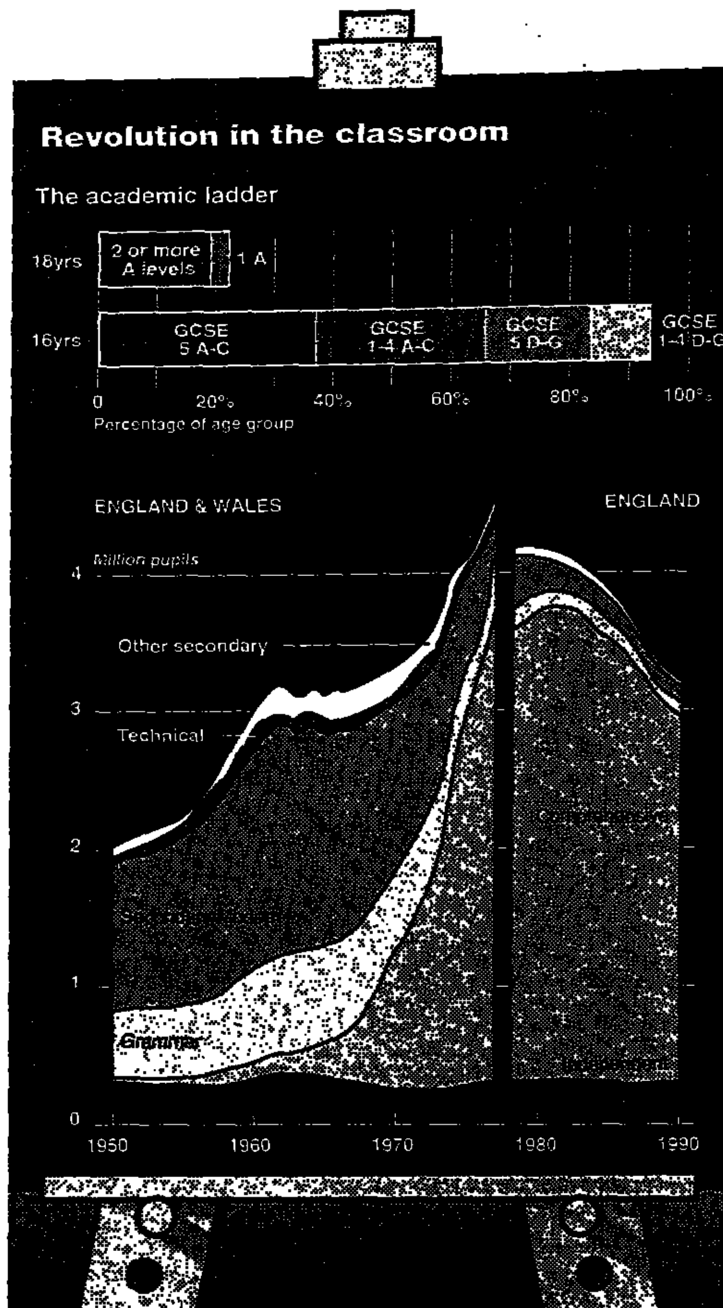
Since all state schools are bound to follow the national curriculum, which occupies about 85 per cent of available teaching time, the opportunity for schools to specialise is limited – a point Mr Patten went out of his way to stress yesterday in response to concern about a widespread return of grammar and secondary-modern schools. Whatever the balance between grant-maintained and LEA schools, the community comprehensive looks set to remain the basic school model for the foreseeable future.

The Tory right will be disappointed that Mr Patten failed to axe local authorities in one fell swoop. The government remains committed to parental ballots before schools can opt out. Mr Patten predicted yesterday that by April 1995 4,000 schools would be grant-maintained, including a majority of secondary schools and a "substantial number" of primaries, attracted to opt out by new provisions allowing them to exit in clusters. That would still leave LEAs with 21,000 schools, including most primaries. Until 75 per cent of schools have opted out, LEAs will continue as now to be able to propose the establishment, closure and significant enlargement to schools, and will retain a veto over schools in their charge changing their characters.

The government is clearly anxious to avoid instant upheaval in the local government system, still convalescing from the introduction of the unpopular poll tax. Indeed, ministers have been going out of their way to talk up the role of LEAs. Addressing the Council of Local Education Authorities last week, Baroness Blatch, the schools minister, referred to "successful authorities of the future", noted "clear evidence that at least some local authorities are recognising the imperatives of greater competition and are implementing changes to the way they deliver services", and highlighted the opportunities for them in the new inspection and monitoring arrangements. Earlier this week Mr Nigel Forman, the further and higher education minister, stressed the "valuable role" LEAs could still play in post-16 education.

For the next decade, therefore, partnership between local, national and appointed authorities appears to be the name of the game. To see the new system at work, consider three issues high on the government's education agenda: surplus places, failing schools and special educational needs.

Schools in England and Wales currently contain about 1.5m surplus places, a huge drain on the education budget. If schools were purely voucher-financed, there would be no such thing as a surplus place: only "real" places would attract funds and, says Mr Sexton, "those schools which persist in failing to respond to parental demands for high standards would close".



The white paper has no such touching faith in market forces eliminating waste. Instead, local authorities and the funding agency are to have a duty to report annually on surplus places. If they fail to remove them, Mr Patten proposes to take new powers not only to direct them to produce plans for doing so, but to publish proposals himself. Since such proposals must inevitably include school closures, the implication is clear: the funding agency, with Mr Patten's consent, will be empowered to close grant-maintained schools, in defiance of their governors if need be.

Since, to date, one of the principal motives behind schools opting out has been the desire to avoid closure or reorganisation, there is a grim irony in that. But as one county education director put it yesterday: "At last they've stopped pretending the system doesn't need planning – now we can get on with the job again."

An equally firm grip is to be taken on failing schools. Few deny the necessity for it. Figures for last year show a third of 16-year-olds failing to gain a single GCSE pass at grades A-C, with one in 14 school-leavers failing to gain a single graded GCSE. The post-16 staying-on rate is improving, but last year only only one in five 18-year-olds gained so much as a single A-level pass. Here again, the market is given a marginal role. Mr Patten sees rigorous inspection and follow-up as the answer. Under this year's Education Act, the fruit of Mr Kenneth Clarke's brief stint at the education department, all schools will be subject to inspection once every four years. Inspectors will be asked to declare failing schools as "at risk", and Mr Patten intends to ask the inspectorate to organise its first cycle of inspections, starting in September 1993, so as to maximise the early coverage of schools thought likely to be "at risk".

When a school is declared "at risk" the government will expect the LEA (in the case of a controlled school) or the governors (in a grant-maintained school) to take urgent remedial action. Additional powers will be given to LEAs for the purpose, including a power to appoint extra governors and to withdraw delegation of funding.

It does not stop there. Where Mr Patten believes the LEA and/or governors have failed to turn the school around, he will have new powers to send in an education association to run the school. According to the white paper, the association will be a "small and cohesive body" of some six members with a "remit to improve each identified school within a defined period," and with powers to "require staffing changes at the senior management level and within the teaching force." Mr Patten says education associations will be composed of retired teachers and people "good at running things".

Education associations are the most novel feature of the white paper, a bold attempt by the government to get a hold on sink schools. Mr Patten envisages them working by administering short, sharp shocks, returning schools to grant-maintained status when done. Many commentators sympathetic to the association idea are sceptical that it can be done quite so easily. Says Mrs Alison Wolf of London University's Institute of Education: "Running a school is not a bag of tricks. Everything we know about schools tells us that leadership and team building is key. It is crucial that when the associations withdraw an effective management structure is left in place."

The same emphasis on partnership and strong direction in defiance of the market is evident in the third area, special educational needs. A fifth of pupils are estimated to have special educational needs at some point in their school life, and according to the Audit Commission, even the best-performing local authorities are taking 50 per cent longer to assess special needs than the government's guideline of 15 months.

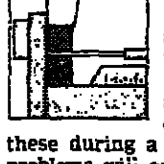
Under the white paper, special schools will be able to opt out, but *any* maintained school named in an special educational needs report will be required to admit the child, whatever its head and governors think. Mr Patten also intends to take powers to require local authorities and the funding agency to rationalise special schools, and to permit himself to put forward his own proposals, subject to a special inquiry.

Read between the lines, therefore, and what the white paper really says is: "John Patten knows best the needs of children – certainly better than local authorities and often better than our mostly excellent parents."

PERSONAL VIEW

From debt to deficit

By Walter Eltis



The UK's current account was in deficit by £16bn in 1990, £5.2bn in 1991 and £2.6bn in the first quarter of 1992. It has been argued that, with deficits such as these during a recession, serious problems will arise after the economy recovers, because imports will rise sharply. A surprising number of economic commentators have suggested that the persistent deficits indicate that Britain is in underlying structural deficit which only a large devaluation can cure.

The idea that devaluation can correct Britain's payments deficit is, on the face of it, odd. British wage costs are now below those of east Germany. According to the German Auto Industry Federation, hourly labour costs in west Germany exceed those in the British car industry by 70 per cent, and workers in east Germany receive two-thirds as much as west Germans. A devaluation would cut Britain's employment costs still further and make British labour still cheaper relative to workers in eastern Germany. Is that what we need?

In the first half of 1992, the volume of British non-oil exports grew by 3.5 per cent compared with the same period of 1991. OECD exports of manufactured goods grew less than this in 1991, so the UK's share may be rising slightly. That hardly suggests that sterling is overvalued. If our exports can grow 3.5 per cent when world growth is depressed, we should do far better when the world economy picks up.

But our trade is likely to remain in substantial deficit for reasons entirely unconnected with the competitiveness of British manufacturers. If any economy has an excess of investment over savings, its trade will be in automatic deficit. Investment that it is unable to finance with domestic savings will be financed by foreign savings, and such a country will inevitably borrow from overseas and have a corresponding current account deficit.

Britain has been in this position for several years. We used to have one of the lowest personal savings ratios of any leading economy. This year personal savings have grown to 11½ per cent of GDP, but the budget is moving sharply into deficit. On balance when taken together, there is net borrowing by the personal sector, companies and government, which is why our trade is in deficit. As the economy recovers, companies will raise investment and personal savings will fall.

The savings rate was as little as 4

UK trade is likely to remain in deficit for reasons unconnected with competitiveness

per cent at the height of the Lawson boom. It will not fall to 4 per cent again, but neither is it likely to remain as high as 11 per cent. If economic recovery is accompanied by increased borrowing by companies and families, while government continues to borrow as much as it does today, the UK's aggregate borrowing is bound to grow and our balance of payments deteriorate, whatever happens in industry. A devaluation would be irrelevant to curing that deficit – indeed, it might lead to increased borrowing as families and companies try to spend before prices rise.

Current account deficits can be due essentially to excessive macroeconomic borrowing or to a lack of microeconomic competitiveness. A propensity to borrow has been at the root of Britain's deficits. First, it was the Lawson boom and its aftermath, with heavy borrowing by companies. Now it is the increasing willingness of government to borrow, to which Mr Michael Portillo, chief secretary to the Treasury, is attending. The devaluers appear oblivious of the possibility that a persistent trade deficit can be macroeconomic in origin, so that only reductions in net borrowing by the private sector or government can cure it.

Improvements in the competitiveness of individual industries should be constantly sought. Any company that improves competitiveness and consequently raises exports or cuts imports creates extra profits or employment, and probably both.

The National Economic Development Council's industrial sector groups brought together 80 chairmen and chief executives, 300 directors and senior executives of UK companies, as well as senior trade unionists. One of their tasks was to make the weaker companies in an industry aware of what the best ones were doing, and aware that what was being imported could readily be produced in Britain.

The competitiveness of several UK industries is being transformed by the presence of Japanese, German and French companies in the UK. They are showing the smaller UK manufacturers how their own operations need to be transformed.

Our export growth rate of 3.5 per cent reflects such developments. But trade is bound to remain in deficit as long as the UK remains a net borrower in the world's capital markets.

The author is chief economic adviser to the president of the Board of Trade, and director-general of the National Economic Development Office

Edward Mortimer

Continent of conflicts

Ethnic disputes lie at the heart of many of Europe's problems

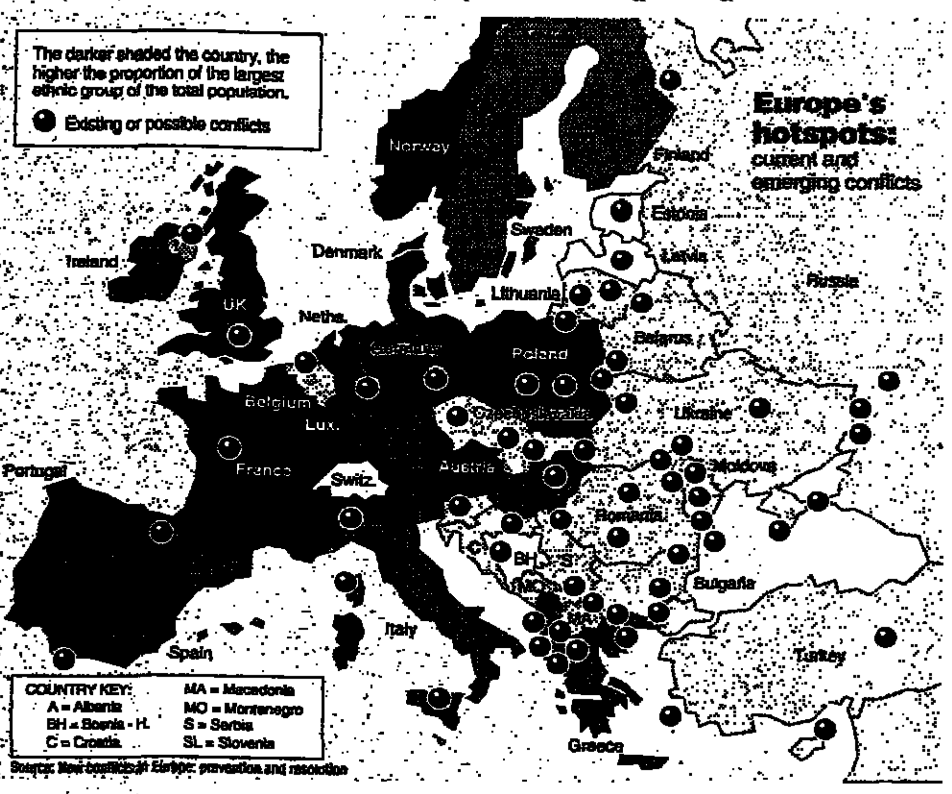
FOREIGN AFFAIRS

What could have been done to prevent the chaos in Yugoslavia?" asks a pamphlet published last week by the Oxford Research Group, an independent study organisation*.

The question may seem academic until one looks at a map, at the end of the pamphlet, showing 60 "current and emergent conflicts in Europe". Most involve ethnic groups whose national aspirations cut across not only existing state borders but also, in most cases, any alternative federal borders.

The author, Mr Hugh Miall, lists a further 14 conflicts in the Caucasus not shown on the map and observes wryly that "this list does not include the conflicts in the non-European parts of the former Soviet Union, ie: central Asia, eastern Russia and Kazakhstan."

The thickest cluster of conflicts is in the Balkans, with a second intense concentration in and around the ex-Soviet republic of Moldova.



The map is shaded in an original way – the darker a country is shaded, the higher the proportion of the population belonging to the largest ethnic group. No state scores 100 per cent but a suspiciously high number rates 99 per cent: Austria, Denmark, the Republic of Ireland, the Netherlands, Portugal and Poland.

This happy state of ethnic homogeneity is, of course, what so-called "ethnic cleansing" operations in Bosnia and elsewhere are aiming for. The fact that Bosnia-Hercegovina is the palest area on the map, with the largest group (the Moslems) representing only 44 per cent of the population, explains why the effort to produce ethnic homogeneity is so protracted and bloody.

Ethnic homogeneity is not indispensable to a peaceful existence, as the example of Switzerland shows. But the individual Swiss cantons are, by and large, linguistically homogeneous. A cantonal solution was proposed for Bosnia-Hercegovina by the EC, and at one point accepted in principle by all three communities there. The problem is that it is impossible to delineate a satisfactory canton for the Moslems, who are (or were) scattered throughout the republic.

Mr Miall has also published a book**, which examines how and where disputes have been settled peacefully since 1945. As he says, "there are two main phases in conflict when resolution is more likely to be achieved. The first is at an early stage, before attitudes become too fixed and behaviour too hostile. The second is at a later stage when the conflict has become a stalemate and the parties are exhausted."

Obviously, it is better to settle conflicts in the first phase; hence the emphasis on "early warning" and "early action" in the document adopted by the Conference on Security and Co-operation in Europe (CSCE) in Helsinki three weeks ago. The CSCE also established a High Commissioner on National Minorities, described as "an instrument of conflict-prevention at the earliest possible stage".

There is a danger, of course, that by drawing attention to national minorities this "eminent international personality" will create or exacerbate problems which might otherwise be solved by quiet assimilation. Some of the most successful nation states, such as France and the US, have simply denied the existence of national minorities among their citizens, insisting that citizenship and nationality are coterminous.

Civil populations should not be denied human rights on the basis of ethnic origin

But in the present climate few central and eastern European states can hope to solve their problems that way. The dominant idea in the region today is that states should belong to nations (or "peoples"), not vice versa. Many states are adopting constitutions which define them as "the state of" the Croat or Lithuanian people, as the case may be. This implicitly excludes from citizenship those who do not share that particular national identity, thus inciting them to look to another state for protection.

The Estonian government, representing a "people" which comprises only 60 per cent of the state's population, has gone so far as to reserve citizenship to members of that people. It argues that the rest of the population – mainly ethnic Russians – comprises immigrants (or their descendants) illegally introduced by an occupying power, the Soviet Union. One may sympathise with that argument, but it is not one the international community can afford to endorse. However deplorable the forced population movements in Europe after 1939, any attempt to reverse them could lead only to chaos.

The only approach that offers any hope is to start from the principle that whole populations should not be blamed or punished for past crimes.

In particular, civilian populations should be allowed to stay where they are and should not be denied human or civil rights on the basis of ethnic origin, language or national identity.

A different issue is raised by the continued presence of ex-Soviet troops in independent states which do not want them. Most of these troops are Russian, or at least speak Russian, and would like to go home if only they had homes to go to. The Russian government says, sometimes, that it intends to bring them back but there is much ambivalence about it.

Russia's handling of the break-up of the USSR has so far been admirably unlike Serbia's handling of the break-up of Yugoslavia. More people have been killed in Sarajevo alone than in the whole of the former Soviet Union – at any rate in incidents involving Russians, as opposed to those where "peripheral" nationalities are fighting each other. But, as a Serb speaker noted on Monday at a conference sponsored by the New York-based International Peace Academy, the situation in Trans Dnestr – where Russian-speakers have proclaimed independence from Moldova under the "protection" of the 14th Soviet Army – is similar to that at the beginning of the Serbo-Croat war, when Serbs in Croatia proclaimed independence and a supposedly neutral federal army was sent in to keep order. It sided with the Serbs.

The proposed "CIS" peacekeeping force in Moldova could easily do the same. Indeed, the Commonwealth of Independent States could become a fig-leaf for Russian troops reasserting control in parts of the former Soviet Union.

The CSCE and other international bodies can still avert these looming conflicts if they act in time. The most urgent task is to persuade states such as Estonia and Moldova to take seriously the grievances of Russian-speaking minorities so that Russians will see international pressure as the best instrument for protecting their stranded compatriots.

**New Conflicts in Europe: Prevention and Resolution. £10.*
***The Peacemakers. Macmillan. £30.*

OBSERVER

Governors under fire

■ What price a bust-up between Australia's central bank and the federal government? One certainly seems on the cards if the opposition Conservatives are elected next year, as looks likely.

John Dawkins, the federal treasurer, has just re-appointed trade union boss Bill Kelty to the Reserve Bank board for five years, ignoring opposition claims that Kelty's close relationship with Labor prime minister Paul Keating makes him incapable of making independent judgments.

The Conservatives have been unhappy ever since Keating chose one of his old treasury chums, Bernie Fraser, to head the Reserve Bank.

The head of Australia's central bank has traditionally been a non-political appointment but Keating's choice of Fraser, which resulted in the early retirement of the bank's able deputy governor, has raised questions about the Reserve Bank's independence. John Hewson, the opposition leader, has stopped short of threatening to fire Fraser and Kelty, but has talked of amending the Reserve Bank Act to increase the bank's independence if he wins the next election.

The tensions in Australia are just the latest sign that being a central banker is not as cosy a number as it was once cracked up to be. Mariano Rubio, the governor of the Bank of Spain, stepped down last week. His chances of getting a third term disappeared after the Ibercorp scandal broke.

Russia's central bank boss, Georgy Matiukhin, resigned a few weeks ago after he lost the support of the government and parliament.

The central bank chiefs in Finland, Poland and Peru have all lost their jobs over the last year and S Venkitaramanan, India's central bank governor, has been under increasing pressure in the wake of the Bombay financial scandal.

Political pressures have played a role in unseating all these figures. But few are quite as outspoken as Australia's Bernie Fraser who vowed last year that he would not resign "just to appease some dickhead minister".

Safety first

■ The Association for Payment Clearing Services finds it "extraordinary" that one in five holders of plastic cards admits to never checking that they are safe during the course of a day.

If this means that four out of five people do check their cards every day, then Observer finds this even more staggering.

Merged out

■ Unions, like companies, often discover that mergers have unexpected costs. Officials of the former print union Sogat, which last year merged with the NGA print union to form the GPMU, estimate that redundancy payments to former Sogat officials whose faces did not fit have reached about £330,000. Brenda Dean, the 49-year-old former Sogat leader, and most prominent casualty of the merger, has pocketed £148,000.

The London Machine Branch of GPMU, a former Sogat stronghold, is so alarmed by such figures, and by the NGA's domination of the merged union, that it has called for a special conference to discuss Dean's departure. But Alf Elderton, the branch secretary, admits that the response has been relatively cool. "People say a conference would cost too much money," he says.

Tony Dubbins, the GPMU general secretary, defends the pay-outs on the grounds that the merger has saved £1m from the joint wages bill of the two unions. The pay-out to Dean – overshadowed only by the £220,000 paid to Clive Jenkins by the white collar union MSF – appears to have been part of the merger agreement.

"I'll really miss being jeered at by men with their bottoms hanging out of their trousers"

Unsuitable

■ Red faces in Cleveland. When lawyers for the families of the victims of the air-crash at La Guardia in March slapped in a claim for $80m in damages, they duly cited all companies involved. There was USAir, which flew the airliner; Fokker, which made it; Dow Chemical, which supplied the de-icer used before the fatal take-off attempt; and Rolls-Royce, whose engines powered the jet.

Alas, some legal whizz in Ohio thought Rolls-Royce meant fancy motor cars, so the lawsuit named "Rolls-Royce Motor Cars Inc" as a defendant. But the car business has long been owned by Vickers, and the aerospace engine manufacturer is a separate quoted company.

"We don't know why the car company is cited – perhaps it's the Vickers connection," purred an airy and disingenuous spokesman for the "right" Rolls in London. "The suit's being refiled," said a spokesman for the Cleveland law firm, not a little embarrassed.

Chopin around

■ Birdsong, as Observer noted yesterday, may be the order of the day on Classic FM's test transmissions but its potential offerings are being peppered with birdshot. Shostakovich's ninth symphony is deemed OK but his sixth is definitely out. Likewise Samuel Barber's overture to School For Scandal is judged a no-no, while his Knoxville clears the audio-hurdle.

With the help of the ear of broadcaster and writer Robin Ray, supplemented by those of a group of young music graduates, Classic's programme controller (and part-time tv chef) Michael Bukht says 5,000 pieces have already been found accessible and melodic enough to make the schedules when the station is launched in September.

Grave decision

■ New Zealanders have been given a chance to make the best of a grave situation. Rotorua District Council is offering discounts to people willing to dig the graves of their dead relatives under the supervision of cemetery staff. The normal cost is NZ$497 but families get 40 per cent off for digging their own plot.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Initiative offers focus on value of training

From Sir Allen Sheppard.

Sir, An article in the FT ("Employers consider seeking approval from Investors in People", July 22) rightly points to the growing employer involvement in Investors in People – an initiative supported by business as well as government and delivered through the Training and Enterprise Councils, and about improving training investment and performance of people at work.

I have led the National Training Task Force steering group on Investors in People.

The first Investors in People were announced last October. Today, there are 68 with more than 1,100 employers involved. As your article points out, those involved include Unilever, Shell, Boots and J Sainsbury. But involvement goes far wider – it embraces small businesses, schools, local authorities and hospital trusts.

This initiative has the capacity to transform the performance of people and the organisations for which they work. At Grand Metropolitan we regard it as a key initiative which offers a new and clearer focus on the contribution training can make to our business, both in the UK and overseas. Investors in People challenges us to review and improve what we do.

Because it is challenging and adds real value it takes time to become an Investor in People. The real measure of achievement is in the 1,100 employers involved, taking action and improving their performance. The 68 Investors in People show what can be achieved and how the rest of us can follow and benefit.

Allen Sheppard,
chairman & group chief executive,
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London SW1Y 4RR

Privatisation plan not a viable option

From Mr Edwin Fleming.

Sir, It was with a strong feeling of *déjà vu* that I read your article about Companies House which stated that "supporters of civil service privatisation have long argued that Companies House is an ideal candidate for privatisation . . ." ("Companies House review is ordered", July 25).

Nearly 10 years ago the government announced that it planned to privatise the Companies Registration Office Office (as Companies House was then called). The proposal did not succeed because, under the First Companies Directive (EEC Directive 68/151), the information which is held by Companies House has to be made available to inquirers by post "at a price not exceeding the administrative cost thereof".

Where profit is forbidden by law, whence privatisation?

Edwin Fleming,
55 Kylemore Avenue,
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Liverpool L18 4PZ

Dismissal was unlawful

From Mr Ronnie Fox.

Sir, The damages awarded against Nissan UK in court proceedings last week were not for unfair dismissal ("Ex-executive wins £804,860 for unfair dismissal", July 25) but for unlawful dismissal; that is, for breach of Mr Stan Cholaj's contract of employment.

The distinction is important. Usually, the highest award which an industrial tribunal has jurisdiction to make following an unfair dismissal – that is, dismissal contrary to the employment legislation – is only £16,150. The amount awarded to Mr Cholaj is said to be the largest in an employment action. Employees who have not gone to court have often received much larger sums as part of an amicable settlement. The terms of the settlement invariably include an undertaking to keep the details confidential.

Ronnie Fox,
senior partner,
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Prices are no joke

From Dr Peter Nyholm.

Sir, Ms Balsom (Letters, July 20) is absolutely right about rip-off prices for products in Britain. However, this only touches the surface. The cost of so-called professional services such as the law and accountancy is nothing less than a scandal.

This problem derives from attitudes at the very heart of the City of London. My UK bank recently wrote to me explaining that charges would rise in "order to contain rising costs". Am I losing my facility in British English – or just my sense of humour?

Peter Nyholm,
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Austin,
Texas 78731, US

Teamwork that creates urban renewal and strong local economy

From Mr Alastair G Balls.

Sir, I refer to your editorial on urban agencies (July 22). A mythology about different models of approach to this subject is rapidly establishing itself, drawn largely on a perception of London Docklands. The impression is growing that the development corporation method of renewal offers a gung ho, bricks-and-mortar approach, contrasting sharply with a more sensitive and strategically planned community development approach which emphasises real employment and living conditions. In practice this need not be so, and it seldom is.

Newcastle Business Park, featured on the cover of the Urban Regeneration Agency consultation document, is the product of teamwork combining the development corporation, the City Council, the Tec training agents and the private sector. It is universally reckoned in the north-east to add strength to the local economy.

The Royal Quays development in North Tyneside, together with an adjacent City Challenge scheme in a troubled housing estate, is about the Development Corporation, the local authority and local community groups working together to bring investment and through this better jobs, training and housing to the local people.

The St Peter's Riverside scheme in Sunderland, on an old shipyard next to Bede's Monkwearmouth Church, is being drawn together by the new University, the City Council, the Development Corporation and again community groups. It will provide sheltered housing for rent, new homes for sale, new commercial premises, community recreational facilities, and a new business-based University Campus. Just a short way upstream, a major new business park – with sites for traditional heavy industry as well as high-tech manufacturing – is also being developed as a partnership project.

The debate about agencies should not focus on stereotypes. Those of us who are practitioners know that structures do not determine the quality of the outcome but the willingness of the many parties and individuals necessarily involved in urban areas to work as a team towards an agreed goal. This cannot be legislated for.

The real significance of the URA is that the task of managing the major urban regeneration grant regimes is being transferred from civil servants, who are required to act as auditors rather than initiators, to a body which will be action and results orientated. This is helpful, but its success will depend on the quality of the relationships it can forge with other local bodies.

Alastair G Balls,
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FINANCIAL TIMES
Wednesday July 29 1992

Germans blame interest rate policy for delayed recovery

By Christopher Parkes in Bonn

GERMAN engineers, retailers and economists warned yesterday that the expected economic recovery would be delayed – and placed most of the blame on the Bundesbank's policy of high interest rates.

Domestic orders for plant and machinery in June were 22 per cent lower than a year earlier, according to the VDMA engineering industry association. Revising a forecast made in March of real growth this year of up to 1 per cent, to a fall of 2 per cent, it said that "the worldwide recovery simply has not happened".

The long spell of high interest rates had worsened the domestic situation, it added. Total order intake in the first six months had fallen 2 per cent. Foreign business was up 1 per cent and domestic trade was down 6 per cent.

Retailers also reported a 5.6 per cent slump in sales during May and raised doubts about the expected recovery in the second half of the year.

The RWI economics institute in Essen said it expected German economic growth next year of only 2 per cent, trailing average west European growth of 2.7 per cent and the 3.75 per cent expected in the US. While US interest rate cuts had stimulated US economic activity, the institute said, the Bundesbank's strict policy had reduced the room for manoeuvre in Germany and elsewhere in Europe.

Waning consumer confidence and the public services strike at the start of May reduced west German retail sales in that month by DM1.3bn ($840m) or 2 per cent, according to the HDE retailers' association. When adjusted to take account of 3.3 per cent inflation in retail goods prices, this translated into a 5.6 per cent real decline.

Turnover in the first five months had fallen by 2.6 per cent, and hopes for an upturn in the second half were retreating further into the future.

The consumer confidence index during May was 12 points lower than a year earlier. "The public's frustration seems to stem more from unhappiness with politics than the economic situation," it said. The association complained that shoppers were unsettled by almost weekly reports of new charges threatening their disposable income.

The only sectors showing a real improvement in May were textiles and clothing and drug stores. Car and parts retailers reported a 9.8 per cent real drop, while turnover in TV and audio fell 14.6 per cent.

Prime minister defends minimum rate agreement against 'Euro-sceptics'

Lamont attacked for VAT deal

By Alison Smith in London and Andrew Hill in Brussels

BRITISH prime minister Mr John Major entered the row about the UK's agreement to an EC minimum rate of value added tax with a vigorous defence yesterday of the deal struck by Mr Norman Lamont, the chancellor of the exchequer.

Ministers sought to brush aside criticism from "Euro-sceptics" within the ruling Conservative party that the move diminished the UK's sovereignty, insisting the agreement was vital to ensure the single market could be completed.

The prime minister said VAT had been a European Community matter since the Treaty of Rome, and emphasised that Monday's deal did not affect goods and services which are zero-rated, such as food and domestic fuel. He also highlighted the benefits of the package for the Scotch whisky industry.

Mr Major's remarks came against a background of bitter wrangling among Conservatives about the deal. While Mr Lamont dismissed suggestions that the UK had ceded sovereignty as "a complete scare, and a very silly, silly season story", Mr Nick Budgen, a Euro-sceptic, said the chancellor was "justifying his betrayal of the British constitution on the basis that he has served a commercial interest".

Lord Tebbit, a former Conservative cabinet minister, attacked the move not only on constitutional grounds but in terms of competition, calling it a cartel.

"If this had been done by steelmakers or carmakers the Monopolies and Mergers Commission would have struck it down," he said.

The agreement received a mixed reception from business leaders. The Institute of Directors warned that the deal should not be taken as a precedent for EC intervention in corporation tax and was a compromise "which should not be presented as a victory". But the Confederation of British Industry and the British Chambers of Commerce welcomed it as an important step towards completing the single market.

Picture Ashley Ashwood

Norman Lamont: the suggestion that British sovereignty had been diminished was very silly

Monday's provisional agreement on the package of VAT and excise measures could still founder on Spanish and French objections.

Spain is calling for Britain to change the name of British-made sherry, or grant equal tax treatment to Spanish sherry, which now attracts higher tax because it has a higher alcohol content.

France wants a French-style "control duty" on all EC-produced wine, a higher harmonised excise duty on mineral oils, and a standard, rather than a reduced VAT rate on "agricultural products" such as flowers and timber.

VAT harmony, Page 2
Editorial Comment, Page 12

Blue Arrow 'disaster' blamed on judge and UK fraud office

By John Mason in London

THE Blue Arrow fraud trial was a "costly disaster" for which the trial judge and the Serious Fraud Office were responsible, the UK Court of Appeal said yesterday.

The whole cost of the year-long trial, estimated at £35m ($67m), must be met by the British taxpayer, three appeal court judges ruled.

The court issued warnings to both judges and prosecutors in future fraud trials that legal proceedings should be simplified as much as possible to prevent any recurrence of the debacle.

The judges, headed by Lord Justice Mann, were giving reasons for their overturning earlier this month of the convictions returned by the jury in February against four City of London advisers found guilty of conspiracy to defraud.

Mr Jonathan Cohen, Mr David Reed and Mr Nicholas Wells, all former County NatWest executives, and Mr Martin Gibbs, a former Phillips & Drew director, had all been convicted of conspiring to mislead the markets over the result of the 1987 Blue Arrow rights issue to fund the takeover of Manpower, the USemployment group.

Their convictions had been quashed because the last-minute decision of the judge, Mr Justice McKinnon, to cut the indictment down to one central issue had been made too late for any convictions to be safe, Lord Justice Mann said.

The length and complexity of the proceedings meant that by that stage – 11 months into the case – the trial should have been abandoned instead, he said.

Criticising the SFO, the judges said it had presented its case in an unnecessarily complex way. The multiplicity and size of the issues proved "incapable of accommodation within the context of a jury trial".

However, had the prosecution concentrated on the one central issue that eventually went to the jury, eight of the original 10 defendants could have been tried manageably and fairly.

However, criticising Mr Justice McKinnon, he said judges had the ultimate responsibility for ensuring the manageability of trials. Mr Justice McKinnon should have used his powers much earlier.

"Judges must not be reluctant to exercise their power in order to secure that end," Lord Justice Mann said.

"But, and importantly, they will seldom have occasion to do so if the prosecuting authorities frame indictments which have due regard to the limitations of a jury trial."

The director of the Serious Fraud Office, Mr George Staple, said later the SFO could not be happy at the court's comments. However, it had learnt from the experience of the case.

"We have got to ensure that we do not overload indictments and charge too many defendants while still presenting the full criminality of cases to the jury," he said.

Four other City of London advisers are still charged with fraud over the affair.

The SFO will announce next Monday whether it is continuing proceedings against Mr Charles Villiers and Ms Elizabeth Brimelow, both formerly with County, and Mr Paul Smallwood and Mr Tim Brown of Phillips & Drew.

Spanish KIO $2.5bn bid

Continued from Page 1

in two of Torras's quoted companies, the Prima property group and the foods and sugar producer, Ebro, has fallen sharply.

Mr De la Rosa's letter offers an immediate $400m payment followed by two further payments of $1bn each over the next two years, with interest payments accounting for another $100m. If the Kuwaitis signal some interest by the end of this week, a formal offer would be made and would expire on October 25.

Mr De la Rosa's personal role would be limited because of the big amounts involved, but it is understood that some large European industrial groups and banks have shown interest in supporting the offer in order to enter key industrial sectors in Spain.

Guarantees from reputable banks were also promised by Mr De la Rosa.

Mr De la Rosa's offer is based on a valuation done for Torras by Madrid corporate finance house Axel Group in May. They said Torras was worth at least $3.08bn, and he appears to have subtracted their Ercros valuation of $387m as Peat Marwick, KIO's auditors, valued Ercros at zero last December.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
				Boulogne	S	20	68	Frankfurt	F	21	70	Majorca	S	33	91	Oporto	S	20	68	Tenerife	S	28	82
				Brussels	F	21	70	Geneva	S	24	75	Malaga	S	26	79	Oslo	F	20	68	Tokyo	S	33	91
				Budapest	S	26	79	Gibraltar	S	26	79	Malta	S	29	84	Paris	S	23	73	Toronto †	S	14	57
Ajaccio	S	29	84	Buenos Aires	F	14	57	Glasgow	C	15	59	Manila	C	33	91	Prague	S	20	68	Tunis	F	33	91
Algiers	S	31	88	Cairo	S	33	91	Helsinki	R	15	59	Melbourne	S	14	57	Reykjavik	C	11	52	Valencia	S	32	90
Amsterdam	F	18	64	Cape Town	C	14	57	Hong Kong	S	32	90	Mexico City		–	–	Rhodes	S	29	84	Venice	S	13	56
Athens	F	30	86	Caracas	C	26	81	Innsbruck	S	23	73	Miami †	S	28	82	Rio de Janeiro	C	24	75	Vienna	S	23	73
Bahrain	S	36	97	Casablanca †	S	25	77	Inverness	F	17	63	Milan	S	32	90	Rome	S	30	86	Warsaw	F	21	70
Bangkok	R	34	93	Chicago †	S	18	64	Islamabad	F	37	99	Montreal †	S	17	63	Salzburg	F	20	68	Washington †	S	20	68
Barcelona	S	28	82	Cologne	F	21	70	Istanbul	F	27	81	Moscow	F	28	82	S Francisco †	S	12	54	Zurich	S	21	70
Beijing	C	25	77	Copenhagen	F	20	68	Jakarta	C	33	91	Munich	S	22	72	Seoul	F	29	84				
Beirut	S	28	82	Corfu	S	34	93	Johannesburg	S	21	70	Nairobi	C	23	73	Singapore	T	25	77				
Belfast	F	15	59	Dallas †	F	24	75	Lisbon	S	31	88	Naples	S	34	93	Stockholm	R	12	54				
Belgrade	F	31	88	Dublin	F	18	64	London	S	21	70	Nassau		–	–	Strasbourg	S	23	73				
Berlin	F	19	66	Dubrovnik		–	–	Los Angeles †	C	18	64	New Delhi	S	20	68	Sydney	F	18	64				
Biarritz	S	27	81	Edinburgh	C	16	61	Luxembourg	S	20	68	New York †	S	27	79	Taipei	F	34	93				
Bombay	F	29	84	Faro	S	30	86	Madeira	S	25	77	Nice	S	29	84	Tangier	S	32	90				
Bordeaux	S	27	81	Florence	S	33	91	Madrid	F	34	93	Nicosia	S	28	82	Tel Aviv	S	30	86				

Temperatures at midday yesterday
† Noon GMT temperatures
C - Cloudy Dr - Drizzle
F - Fair Fg - Fog H - Hail
R - Rain S - Sunny
Sl - Sleet Sn - Snow
T - Thunder

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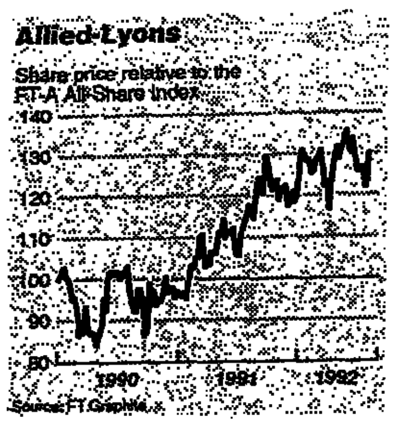
All clear for beer

FT-SE Index: 2373.4 (+25.4)



Yesterday's ruling on the Allied Lyons-Carlsberg deal plainly suggests a truce is breaking out between the competition authorities and the brewing industry. Of the conditions imposed, the only one with any bite is that which requires Allied to allow its pub tenants to buy half their lager from the competition within two years. The condition has its paradoxical aspects: the authorities give credit to the merger for providing stiffer competition for Bass and Courage, while at the same time proposing to give Bass and Courage access to Allied's pubs. But the amount of beer at risk is at most 150,000 barrels a year, or perhaps £5m in profit. In the context of a deal which puts £135m cash into Allied's pocket, that scarcely seems worth quarrelling over.

In any case, the pace of change in the industry seems to be slowing. The only big deal pending is that between Allied and Brent Walker, which now looks like going through with only minor modifications. There remains vague speculation about a brewing link between Whitbread and Scottish & Newcastle. If that ever came to anything, yesterday's ruling might suggest the authorities would take an indulgent view.

As the dust settles, it becomes clear that quite a number of things are going Allied's way these days, including the removal this week of the threat of higher EC duty on gin and whisky. The shares have outperformed the market fairly consistently over the past couple of years. There might be life in them yet.

UK economy

The Confederation of British Industry is decidedly gloomy about the UK's short-term economic outlook. But one consolation from yesterday's survey is that the impact of recovery on corporate earnings could be remarkable when it comes. With costs under control and two thirds of respondents still operating below capacity, any revival in demand should produce a striking growth in margins.

The benefit would, however, be felt more strongly in manufacturing than in the services sector, where companies have been less successful in controlling cost pressures. There is also a risk that it could be short lived, as cuts in investment spending during the recession give rise to bottlenecks when it is over. The CBI is understandably anxious that the government should not make this problem worse by concentrating its spending cuts on investment projects. Sadly there is little, if any, historical precedent for a chancellor heeding such advice.

British Aerospace

There could scarcely be a better measure of the extreme suspicion with which the market views British Aerospace than yesterday's further 5 per cent fall in its shares. The immediate reason was suggestions that the European Commission would again try to force the company to repay the £44m of sweeteners attached to its purchase of Rover from the UK government in 1988. Having failed once, it is by no means certain that the commission would succeed this time. Even if it did, the impact on BAe's gearing would be trivial, given shareholders' funds of £2.7bn.

Doubtless the fall in the shares to a level less than half last year's rights issue price owes much to deep uncertainty about what action BAe will take to stem the losses in its regional aircraft division. The company, of course, can say nothing ahead of its interim statement in September. But here, too, the market may be erring on the side of pessimism, with regard both to the size of the provision resulting from the worst case of outright closure and to the impact on cash flow.

At its current level, the price is discounting a savage cut in the dividend at the very least. Since the market is so determined to look on the bad side, there is no telling how it may react if new car sales in August turn out even more awful than expected. British Aerospace has developed an unnerving tendency to lurch from one problem to another. That is why it is now so difficult for any remaining faithful to believe that rationalisation of the regional aircraft business could herald a robust earnings recovery next year. Just the same, it is worth pausing amid the gloom to recall that a dividend halved this year might with luck be covered four times next.

Allianz

Yesterday's 3 per cent fall in the share price of Europe's biggest insurer looked like a knee-jerk reaction to a well-trailed but still expensive underwriting loss of DM1.8bn. Although the performance of Allianz has not been out of line with the market this year, its shares now stand a full 15 per cent below their level of DM2.306 when the last rights issue was announced in February.

The broader question is whether Allianz has frittered away shareholders' funds on over-priced acquisitions unlikely to offer a realistic return in the near term. After all, first-time consolidation of US and east German subsidiaries accounted for DM1.25bn of extraordinary underwriting losses. Conditions in the UK and French markets continued to deteriorate and the domestic market is hardly healthy, judging by a two-thirds fall in underwriting profit.

With its shares yielding only a shade over 0.6 per cent, Allianz still has a low enough cost of equity capital to take a long-term view. But the patience of some shareholders is clearly being tested. The promise of extensive cost-cutting suggests Allianz is getting more serious about earnings. It may also be nearing the bottom of the underwriting cycle in most key markets – although it could be years before income matches costs in east Germany, in spite of a promise of sharply higher premiums. Moreover, while it remains difficult to pin a precise value on the investment portfolio through the cloudy medium of German accounting practice, stated earnings from investments reached DM3.56bn last year. Against this background, the group's first ever underwriting loss looks less threatening.

Scottish Amicable

Yesterday's column stated that Scottish Amicable was 60 per cent invested in sterling bonds. This should have read Scottish Equitable. Scottish Amicable's gilt weighting is 32 per cent.

FINANCIAL TIMES

COMPANIES & MARKETS

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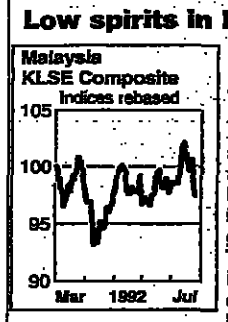
Wednesday July 29 1992

INSIDE

Thomson-CSF pulls out of LTV deal

Thomson-CSF, the French state-controlled defence electronics group, yesterday pulled out of a planned deal to buy a stake in the missiles division of LTV of the US. Loral, a New York-based defence electronics manufacturer which last week announced plans to buy the LTV missiles unit with Thomson as a minority partner, said it planned to go ahead with the purchase on its own. Page 26

Low spirits in Malaysia

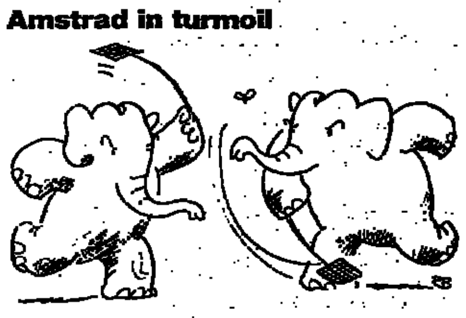


Malaysia's stockbrokers are a shade dispirited: the excitement of recent big privatisations has evaporated; funds appear to be short; and speculative investors have been heading for the more interesting money-making grounds of Hong Kong. The market's composite index has lost 3.3 per cent over a 12-month period. Back Page

Bull falls short of expectations

Bull, the French state-owned computermaker, yesterday reported a slightly worse than expected FFr1.68bn ($337m) loss for the first half of the year. Page 17

Amstrad in turmoil



Serious questions have been asked about the future of Amstrad, the UK computer and electronics group. One analyst says: "Trying to be a low-cost supplier in this market is suicidal. They are a gnat in the personal computer market compared to the elephants that are the Japanese and US players, which are becoming increasingly aggressive in the European market." Page 23

Mitsubishi Trust

In an article on June 21 headed "Foreign concern over Italy's health" it was stated that Mitsubishi Trust played a leading role in a number of banking syndicates which provided loans to EFIM. In fact, Mitsubishi Trust has never played a leading role in any banking syndicate which provided loans to EFIM. We apologise to Mitsubishi Trust for this error.

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Asko	789.5	+	24.5
Falls			
Aachen Mch Reg	737	–	38
Allianz AG	1955	–	62
Daimler-Benz	689.5	–	11.5
Heidelb Zem	826	–	14
Mercedes Hld	520	–	10

NEW YORK ($)			
Rises			
Borland Int	45	+	3
Chrysler	21¾	+	1⅝
Gen Motors	41⅜	+	1⅝
Telxon	46¼	+	3¼
Tenneco	39¼	+	2¼
Falls			
Everex Systems	2¼	–	15/16

PARIS (FFr)			
Rises			
Axa	830	+	44
BIC	819	+	41
Bouygues	563	+	26
Gal. Lafayette	2085	+	85
Schneider	583	+	25
Worms Cie	288.9	+	14.9

TOKYO (Yen)			
Rises			
Kasai Kogyo	315	+	30
Lec	15	+	2
Falls			
Fuji Robin Ind	300	–	30
Janome Sew			
Mch	250	–	30
Nihon Seima	160	–	21
Sumitomo Whse	505	–	50

LONDON (Pence)			
Rises			
Booker	402	+	17
British Steel	57½	+	3½
Cookson	137	+	8
Ex-Lands	14	+	3
Guinness	534	+	21
Hazlewood Fds	133	+	8
Inchcape	402	+	22
Reuters	1027	+	42
Falls			
Ashtead	120	–	18
Aukett Assocs	4	–	5½
Avon Rubber	373	–	22
Barratt Devs	40	–	6
Br Aerospace	180	–	10
Chrysalis	53	–	14
Dumas	10	–	3
Kwik-Fit	125	–	44
ML Labs	735	–	28
NSM	31	–	6
Natl Power	232	–	10
Power Corp	23	–	17
PowerGen	245	–	11
Young (H)	41	–	4

Underwriting loss holds back Allianz

By David Waller in Munich

SHARES in Allianz, Germany's largest insurance group, fell 3 per cent yesterday after the Munich-based group reported flat net profits for last year and its first ever loss on its mainstream underwriting business.

Group net profits rose 4 per cent to DM1.05bn ($690m) on premium income up 27 per cent to DM48.7bn. The underwriting result – the net of premium income and claims paid before investment income – fell from a profit of DM182m in 1990 to a loss of DM1.78bn.

Mr Henning Schulte-Noelle, chief executive, said the poor underwriting performance was due to losses at Fireman's Fund, the US insurance company bought in 1990, and at Deutsche Versicherungs, the former east German state insurance monopoly acquired for DM711m.

Another factor was the poor state of world insurance markets.

Mr Schulte-Noelle said conditions would not improve substantially during the current year. Premium income would rise to more than DM50bn, he said, but underwriting profits would be hit by poor claims experience and the effect of intense competition on premium income.

Allianz will attempt to counter this trend by increasing efficiency and reducing costs, the chief executive said. He said France, eastern Germany, North America and the UK – where Allianz has owned Cornhill since 1986 – would feel the rationalisation measures most.

He said the group would probably shed 3,500 employees this year, out of a total workforce of 61,000 at the end of last year.

Deutsche Versicherungs and Fireman's Fund were consolidated for the first time last year. This helped to boost group turnover but both made underwriting losses of DM625m.

The underwriting figures were offset by a near doubling in other income to DM3.56bn. The main factors behind this were a DM929m contribution from Fireman's Fund and extraordinary income of DM484m arising from the restructuring of interests in Austria.

Although the net profit figure was in line with analysts' expectations, the underwriting loss was worse than expected. The shares fell by DM62 to close at DM1955.

The dividend is to be maintained at DM13.50 per share. Earnings per share, calculated according to the method set by the German Association of Financial Analysts (DVFA), fell to DM40.85 in 1991 from DM43.30.

Lex, Page 14

Chrysler profit lifts US car sector

By Martin Dickson in New York

SHARES in Chrysler, the US car manufacturer, rose sharply yesterday when the company reported stronger-than-expected second quarter results and a return to profitability.

Detroit rivals General Motors and Ford also saw their stock rise as Chrysler, the smallest of the three and the first to announce second quarter figures, made optimistic noises about the automotive outlook.

The US industry has spent much of the past two years mired in red ink, due to recession, which slashed demand for cars at a time when growing Japanese manufacturing in the US increased supplies. The result was a price discounting war. However, 1992 has seen a slow recovery in demand.

Chrysler reported net earnings of $178m, or 54 cents a share, compared with a loss of $212m, or 95 cents, in the same period of last year. Wall Street had expected earnings around 21 cents a share. Sales and revenues totalled $9.31bn, up 19.2 per cent from $7.81bn last year.

Chrysler shares rose $1⅝ to close at $21¾ on the New York Stock Exchange, where it was the most actively traded issue.

The company, which has been financially stretched for the past few years, is in the middle of a series of crucial launches of new models.

The most important of these is the LH series of mid-sized sedans, due out later this year, which has won enthusiastic reviews from the motoring press.

Mr Lee Iacocca, chairman, attributed the second quarter figures to particularly strong sales of mini-vans, where Chrysler is the market leader, as well as trucks and jeeps.

He noted that the results were achieved in spite of the launch costs for the new vehicles, and that the company's share of the US car and truck market had risen from 12.4 per cent a year ago to 13.3 per cent.

Mr Iacocca said the economy seemed to be improving and the car market was getting stronger.

Chrysler Financial, the group's financial services operation, contributed net earnings of $49m, down from $80m, after a $24m one-time goodwill write-off.

For the six months the group reported net earnings of $165m, or 46 cents a share, on sales of $17.5bn, compared with losses of $810m, or $3.61 a share, on sales of $13.66bn in 1991.

Allied-Lyons and Carlsberg proceed with merger

By Philip Rawsthorne in London

ALLIED-LYONS and Carlsberg yesterday indicated that the £510m ($983m) merger of their UK brewing operations would go ahead after modifications to meet the demands of the Monopolies and Mergers Commission.

Nine months after the UK drinks, food and retailing group and the Danish brewer announced their intention to create a new force in the UK beer market, the MMC recommended that the merger should not proceed unless:

- Carlsberg-Tetley, the merged company, undertook not to worsen the terms of beer supplies to Carlsberg's existing customers during the next three years;
- the term of the supply agreement between Carlsberg-Tetley and Allied's pubs was reduced from seven to five years;
- and Allied amended its tenancy or lease agreements so that its tied pubs would be free after two years to buy up to half their annual lager requirements from suppliers of their own choice.

The European Commission, which conducted a separate inquiry, set similar conditions for the merger.

Mr Roy Moss, Allied Breweries chairman, and Mr Michael Iuul, Carlsberg International's managing director, said: "We are firmly of the view that the proposed joint venture is the best strategy for both companies."

The most onerous condition would appear to be Allied's requirement to free its tenants to buy any lager they chose after two years. In practice, however, few pubs would be likely to change brands unless faced with extreme customer dissatisfaction.

The MMC found that the merger would have both positive and detrimental effects on competition in the changing beer market. Carlsberg-Tetley would be a more effective brewer with a better balanced portfolio of brands than Allied and Carlsberg separately, and could compete more vigorously with the two biggest brewers, Bass and Courage.

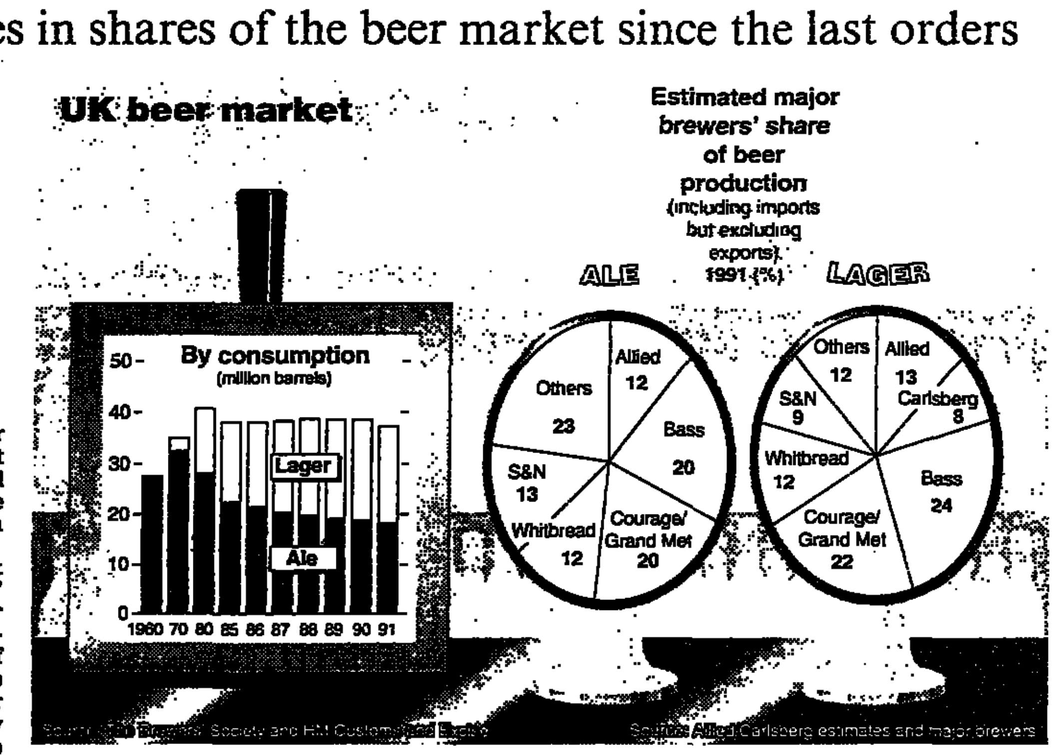
However, the MMC concluded that the merger would increase concentration in the production of lager. Carlsberg-Tetley would have a 21 per cent share of the market and the three largest brewers would account for 67 per cent.

Allied-Lyons and Carlsberg. Report on the proposed joint venture. HMSO (£11.10p).

Lex, Page 14; Market, Page 25

Philip Rawstorne reviews changes in shares of the beer market since the last orders

Brewers keep their places at the bar



Three years after the introduction of the government's beer orders, the Monopolies and Mergers Commission's overall view is that competition is still weak in large areas of the UK beer market.

The latest MMC inquiry also found widespread evidence that wholesale prices of beer to independent retailers have been falling while retail beer prices have risen since 1989. "It seems surprising to us ... that retail prices should continue to rise strongly in real terms at a time of economic recession when demand for beer is falling," it said.

As a result of previous government directives to the industry, the size of the national brewers' tied pub estates is being reduced but their share of total beer production and sales has been maintained. Grand Metropolitan's exit from the industry has left five brewers controlling 78 per cent of the market.

Their grip on the sales of lager – which the MMC viewed as a distinct product – – was even tighter. Together they accounted for 80 per cent of the market, and the strength of nationally advertised brands was putting more pressure on the ability of smaller brewers to compete.

Although 19 regional and local brewers still produce their own lager, several have recently withdrawn their brands and are buying a brand from one of the nationals.

It is difficult to predict, says the MMC, how the national brewers' share may change in the near future. Three regional brewers – Devenish, Boddington and Greenalls – have quit the industry; and guest beers from the remaining regionals have penetrated only a third of the nationals' tenanted estates.

The regionals, however, have been expanding their own pub chains, giving them greater retailing strength. Independent pub operators have also entered the field but many are tied to the nationals by loans and long-term supply agreements.

Loan-tied customers represent 27 per cent of national brewers' sales through pubs against 24 per cent in 1989; and the MMC estimates that supply agreements of more than 12 months with pub retailers account for about 15 per cent. of total beer sales by national brewers to the pub trade. Most of that is represented by the Courage/Grand Metropolitan joint venture, approved by the MMC last year.

Since then, the Office of Fair Trading has intervened – notably in Allied's arrangements with the Brent Walker Pubmaster estate – to limit supply agreements.

Agreements for five to seven years "foreclose areas of the market to competition from other suppliers and add to entry barriers", says the MMC.

But national brewers were much better placed than others to compete for even limited supply agreements because of their wide portfolio of beer brands, extensive distribution networks and ability to meet retailers' requirements for drinks other than beer.

The MMC received evidence that real wholesale prices of beer supplied to the free trade, net of discounts, have been falling. Retail prices, by contrast, have continued to rise strongly since 1989. These increases have been ascribed to the continuing investment by national brewers and tenants in improving pub facilities; the need for heavily borrowed independent operators to raise cash; and the shift in demand towards premium beers which has affected average prices.

It was suggested to the inquiry that national brewers used their managed houses – where sales are bigger than those of tenanted or free trade pubs – to exercise price leadership. "We were not able to reach any conclusion on this contention," the MMC says.

The MMC's view of a chequered competitive background was not shared by Allied and Carlsberg. They argued that the market was now highly competitive and that such pressures would continue to increase.

Allied estimates that the proportion of beer sold through tied estates has fallen from 44 per cent in 1989 to 36 per cent last year and will drop to 29 per cent by the end of this year.

There has been a largely corresponding rise in the free pub trade from 37 per cent to a projected 49 per cent; but the take-home trade through supermarkets and off-licences has also grown from 19 per cent to 22 per cent. The take-home trade was dominated by powerful buyers and the growing number of retail chains has achieved strong negotiating positions, Allied argued.

The existence of spare capacity in brewing added to these competitive pressures as brewers vied to increase their sales volumes. But only national brewers had been able to develop and sustain efficient national networks for wholesale distribution of beer.

Professor M E Beesley, a member of the MMC, agreed with that view. These were significant developments that would continue to shape strategies over the next few years, he said.

The only channel for rivalry, he says, is long-term supply agreements. "These are not the restorations of a now-forbidden monopolistic practice." Similarly, brands of lager disappearing from the market would be the result of increasing competition, not less competition.

Any concern for local and regional brewers should be tempered by the fact that they now have more opportunities than ever to extend their tied pub estates, he adds.

BAe poised to unveil new strategy for recovery

By Paul Betts, Aerospace Correspondent

MR John Cahill, the new chairman of British Aerospace, is expected to unveil next month his recovery strategy for Britain's biggest manufacturing company aimed at refocusing the group on its profitable core military aircraft and Airbus activities.

Mr Cahill, former BTR chief executive, will make his first public policy statement as BAe's chairman when the company announces its financial results for the first half of its current fiscal year next month, aerospace industry and City of London officials said yesterday.

Refocusing the company on core activities is expected to entail heavy asset write-offs which some analysts believe could amount to around £750m ($1.43bn) as well as a possible dividend cut.

The City of London expects BAe to report a loss in the first half and for the whole of 1992. Analysts estimate an operating loss of between £40m and £50m for the full year before provisions. The write-offs, and fears of a dividend cut, depressed BAe's share price a further 10p to 180p, less than half the rights issue price of 380p last winter.

BAe's share price was also hit by a report that the European Commission might require the UK government to recoup interest on £44.4m of aid to BAe when the company took over the Rover car group in 1988. The EC is expected in September to order BAe to repay the £44.4m "sweeteners" and possibly interest which it considers illegal state support.

Mr Cahill has already introduced stricter disciplines on capital spending and is expected to accelerate efforts to cut the cash drain from unprofitable or non-core activities.

A priority is the company's loss-making regional jet business for which BAe has been struggling to find international partners. UK industry officials said yesterday the company was increasingly likely to shelve its BAe 146 regional jet programme if it failed to find partners.

One hint of the imminent reshaping of the regional aircraft business is the transfer of 146 product support operations to BAe's Airbus division, ensuring continued support if 146 production is shut down.

In spite of doubts over the European Fighter Aircraft (EFA) programme in which BAe is a leading partner, the company's military aircraft activities – and its 20 per cent stake in the European Airbus large airliner consortium – continue to be seen as among its main strengths.

Tenneco shows sharp improvement

By Martin Dickson in New York

TENNECO, the Houston-based conglomerate in the throes of restructuring, yesterday reported a sharp improvement in second-quarter profitability and a return to the black by its long-struggling J.I. Case agricultural equipment business.

However, Tenneco warned that poor market conditions would return Case to the red in the third quarter, albeit with lower losses than last year, while the outlook for the fourth quarter was too uncertain to predict.

On Monday Deere & Co, another leading manufacturer of agricultural equipment, said weak retail markets both in the US and abroad meant its equipment operations would incur a net loss for the final six months.

Tenneco, which has been cutting costs sharply since the arrival of Mr Mike Walsh, its new chief executive, reported net income of $178m, or $1.23 a share, compared with a loss of $14m, or 15 cents, in the second quarter last year. Revenues were unchanged at $3.4bn.

Some 71 cents of the earnings per share came from continuing operations and 52 cents from discontinued ones – mainly a gain from the sale of the company's mineral operations.

Mr Walsh said despite the problems at Case, the group's outlook for the rest of the year was for continued favourable comparisons with 1991.

Case reported an operating profit of $11m – its first profit in six quarters – compared with a loss of $123m a year ago. This was despite a 10 per cent drop in sales revenue.

The company said about 40 per cent of the $134m positive swing came from cost reduction, 40 per cent from price increases and 20 per cent from other factors. Operating expenses had been reduced by $45m. Much was due to job cuts which by the end of the year will have lowered Case's headcount to 19,000, from 30,000 at the end of 1990.

However, Tenneco warned that Case's production cuts had not been sufficient to keep up with a year-on-year drop of about 20 per cent in demand, both in the construction and agricultural equipment markets. As a result, production would now be cut by an additional 9 per cent and this, coupled with earlier production, would mean 1992 production about 20 per cent below 1991.

Tenneco's other businesses also reported improved results: Packaging Corporation of America had operating income of $59m, up from $25m; chemicals group Albright & Wilson made $19m, against $7m; Tenneco Gas made $73m, against $67m; automotive made $73m, up from $66m; and the Newport News shipyard was $1m ahead at $67m

In the first half the group made net income of $211m, or $1.43 a share, compared with a loss of $13m, or 18 cents, a year ago.

Special items prop American Express

By Patrick Harverson in New York

AMERICAN Express has reported that after-tax operating income fell 30 per cent to $269m during the second quarter following a sharp rise in the cost of promoting and marketing travel services and charge card products.

A series of extraordinary gains and charges, however, meant that Amex's net consolidated income in the April-to-June period totalled $310m, or 63 cents a share.

The special items during the quarter were a $425m gain from a public offering of First Data Corporation shares in April, a $300m after-tax addition to reserves at Balcor, and a previously announced $84m after-tax charge at securities subsidiary Shearson Lehman Brothers in connection with a reduction in the carrying value of its loan to Prime Computers.

In the second quarter a year ago, Amex's net consolidated income was $256m, or 53 cents a share. Those figures also reflected a special item – an after-tax charge of $130m at Shearson related to the write-down of an investment in First Capital Holdings and the scaling down of Boston Company's international lending operations.

The notable feature of Amex's second quarter was the sharp decline in the contribution to group earnings from its travel services division, where net income fell almost 50 per cent to $124m.

Although revenues were slightly higher, due to a rise in charge card billings and growth in the travel business, marketing and promotion expenses rose, as did provisions for losses on lending products.

General operating expenses were also up, reflecting the growth in the travel business, the cost of card member loyalty programmes and other initiatives designed to strengthen the group's worldwide franchise. Amex warned that its quarterly marketing and promotion expenses for the rest of the year would continue at the high levels of the second quarter.

Shearson reported after-tax operating income of $88m, down slightly on the $93m the securities house earned before special charges last year, while IDS Financial Services posted record quarterly profits of $73m, First Data earned $31m, and American Express Bank $19m, all after tax.

Thomson-CSF leaves Loral as sole buyer of LTV unit

By George Graham in Washington

THOMSON-CSF, the French state-controlled defence electronics group, yesterday pulled out of a planned deal to buy a stake in the missiles division of LTV of the US.

Loral, a New York-based defence electronics manufacturer which last week announced plans to buy the LTV missiles unit with Thomson as a minority partner, said yesterday it planned to go ahead with the purchase on its own at a price of not more than $240m.

Thomson had originally planned to acquire the whole missiles division from LTV, with Carlyle Group, a Washington DC investment bank, taking the aircraft unit. The French group had to back down in the face of a hostile reception in the US Congress and defence department, and a restructured deal was announced last week in which Loral would take control of the division with Thomson taking a minority stake.

Thomson yesterday refused to comment on its withdrawal, except to say it regarded its original deal with LTV, which is under the supervision of a bankruptcy court, as "having been terminated".

Loral, however, said it had been unable to satisfy Thomson's demands for a greater participation, including a seat on the board. It added that it expected the deal to boost its earnings by 40 cents a share.

Thomson's hopes of entering the US missiles market through the purchase ran into the opposition of Lockheed and Martin Marietta, two leading US defence companies, which together had hoped to buy the LTV operations.

In repeated congressional hearings Thomson was lambasted as the tool of a sinister French conspiracy to take over the world defence industry. Senators complained that US defence secrets would be siphoned overseas, and US defence companies damaged by unfair competition from a state-owned rival.

The initial Thomson offer was withdrawn when it became plain that it would be rejected by the committee on foreign investment in the US, a body chaired by the US Treasury which rules on foreign acquisitions of companies in sensitive technology areas.

● Loral yesterday reported first-quarter net income of $29m, or 85 cents a share, against $22.4m, or 83 cents a year earlier, Karen Zagor reports from New York. Sales were slightly higher, at $681m compared with $677m.

Operating income for the three months to June 31 rose 7 per cent to $68.8m from $64.1m. Bookings stood at $502m in the latest quarter against $492m last year, while Loral's backlog slipped 5 per cent to $2.73bn from $2.88bn.

Mr Bernard Schwartz, Loral's chairman and chief executive, said the company expected "income, bookings, sales and margins to accelerate as the year progresses, with double digit per share earnings increase for the year, without acquisitions".

Steady growth at Imasco in second quarter

By Robert Gibbens in Montreal

IMASCO, the Canadian tobacco, financial services, fastfood and retailing group, continued strong profit growth in the second quarter, despite the persistent North American recession.

Imasco, 40 per cent owned by BAT Industries of the UK, reported net profits for the June quarter of C$94.6m (US$78.8m) or 73 cents a share, up 11 per cent from C$85.5m or 66 cents a year earlier. Revenues advanced 2 per cent to C$2bn.

First-half earnings rose 15 per cent to C$158.2m or C$1.21 a share, from C$137.4m or C$1.04 a share, on little-changed revenues of C$3.9bn.

The biggest gain came in tobacco products. Imperial Tobacco lifted its domestic cigarette market share to 64.2 per cent, up 3.7 percentage points.

Canada Trust, the financial services arm, increased net profits by 3 per cent in the second quarter and 11 per cent in the first half. Drug stores raised profits by 10 per cent in both periods, despite Canada's weak retail environment.

Hardee's, the US fast-food subsidiary, suffered an 18 per cent fall in first-half profits, but new marketing efforts were "encouraging."

More NY Daily News bids likely

By Bernard Simon in Vancouver

NEW bidders are likely to emerge in coming weeks in the battle for the New York Daily News, according to a key lieutenant of Daily Telegraph proprietor Mr Conrad Black, who has made an offer for the ailing paper once owned by Mr Robert Maxwell.

Mr David Radler, who heads Mr Black's North American operations, said he does not expect the ownership of the Daily News to be resolved before September. Mr Radler said that, in his opinion, another "crisis" would be needed before the paper's 12 trade unions were willing to throw their support behind one of the bids.

The Daily News has operated under bankruptcy court protection since December. The court recently extended until the end of this month the deadline for the paper to file a reorganisation plan under Chapter 11 of the US Bankruptcy Code.

Only Mr Black and Mr Mortimer Zuckerman, publisher of US News & World Report, have so far emerged as serious contenders for the Daily News. Mr Radler declined to be drawn on which other parties may join the bidding.

Mr Radler, president of Hollinger, the Daily Telegraph's parent, predicted his group has a "slightly better than 50-50" chance of winning. He claimed "we're the only ones who can demonstrate that we have the equity" for what is expected to be a US$300m deal.

Hollinger has no short-term debt at present and Mr Radler is confident it can raise as much as C$500m (US$416.6m) from its banks. Should Hollinger take control of the Daily News, Mr Radler said the paper's publisher Mr James Willse would stay on, but that he and Mr Black were likely to oversee the operation. Mr Radler said Hollinger had drawn on the Daily Telegraph's resources in its bid for the Daily News.

AECI trading income gains 9%

By Philip Gawith in Johannesburg

WEAK international and domestic markets prevented AECI, South Africa's largest chemical group, from improving earnings in the six months to end-June, despite the low 1991 base when earnings fell 56 per cent for the same period.

Turnover rose 1 per cent to R2.52bn ($91.3m) from R2.5bn and net trading income gained 9 per cent, to R148m from R136m. But higher finance costs left attributable income unchanged at R50m. The interim dividend was maintained at 18 cents a share on unchanged earnings of 32 cents a share.

A feature of the results was the 46 per cent increase in export revenues, which rose to R296m from R203m. Exports were higher across the range of group products including plastics, fibres and fertilisers, with a large portion of the increased sales being to the east, South America and Africa.

The improved export performance reflected, in part, AECI's drive to develop internationally competitive export businesses. A more important factor, however, was the exceptionally weak demand across the whole range of AECI's domestic markets. Export margins are generally lower than in domestic markets.

Mr Neale Axelson, financial director, said the results were worse than expected because of the slower than anticipated US economic recovery, the severe drought in South Africa, and ongoing weakness in world commodity prices.

These factors, which show little sign of an early correction, have led the group to revise downward its forecast of a "moderate improvement in earnings" for the year.

Earnings of Japan's brewers fall

By Emiko Terazono in Tokyo

JAPANESE BREWERS

Company	Revenue (Ybn)	% change	Pre-tax profit (Ybn)	% change	Net profit	% change
Asahi	357.2	9.6	7.9	-8.5	3.1	0.9
Sapporo	246.8	2.7	4.6	22.5	2.1	-29.2

BRISK sales of beer and soft drinks helped two leading Japanese brewers, Asahi and Sapporo, lift unconsolidated sales for the six months to June.

However, the companies reported lower pre-tax profits due to a fall in interest on investments.

While Japanese brewers are known for introducing new products and bright packaging, Asahi, which launched "dry beer" in 1987, said focusing on traditional labels had helped beer sales rise 6.6 per cent to Y294.4bn ($2.35bn). Sapporo's beer sales meanwhile rose 2 per cent to Y222.3bn.

Asahi's operating profits rose 3.1 times to Y18.3bn and Sapporo's 2.4 times to Y7.3bn, thanks to rationalisation of their operations. However, a fall in interest received from bank deposits squeezed profits at the pre-tax level.

In the 1980s many Japanese corporations generated profits by issuing commercial paper, and investing the funds in deposits and the money markets. However, companies now face difficulties in gaining profits from such transactions, as interest rates fall and Japanese banks are reluctant to underwrite commercial paper.

Meanwhile, losses on securities holdings, following the Tokyo market's slide, totalled Y29.7bn at Asahi and Y10bn at Sapporo.

Asahi's non-operating profits fell 61.5 per cent and Sapporo's by 67.6 per cent.

For 1992 Asahi expects pre-tax profits to fall 11.2 per cent to Y15.5bn on a 6.2 per cent rise in sales to Y785bn, while Sapporo forecasts a 6.2 per cent decline in pre-tax profits to Y8.5bn on a 4.1 per cent rise in sales to Y555bn.

● Asahi Breweries yesterday announced that Mr Yuzo Seto, vice-president, becomes president from September 1, succeeding Mr Yotaro Higuchi who takes over as chairman.

Asahi Glass pre-tax profits down

By Gordon Cramb in Tokyo

ASAHI GLASS, Japan's leading glassmaker, yesterday disclosed a one-third fall in interim pre-tax profits to Y22.7bn ($181.6m) from Y33.9bn, and revised sharply downward its forecasts for the full year.

In a gloomy commentary accompanying the results, it said a decline in consumer spending and a tighter rein on capital investment by manufacturers, meant "the Japanese economy began to take on aspects of a business recession".

Citing a production slowdown in the automotive industry and dull domestic demand for television sets, two main markets the company supplies, it said circumstances were "harsh" and the outlook "does not allow much room for optimism."

Asahi Glass is projecting pre-tax profits of Y48bn for 1992 as a whole, down 20.3 per cent from the previous year. Until yesterday it had been forecasting a modest 2.9 per cent rise to Y62bn.

Sales for the first half to June dipped 2.2 per cent to Y487.6bn but are expected by the company to edge 0.8 per cent ahead to reach Y1,030bn for the full year. The previous forecast was for Y1,060bn in revenues.

Glass and construction materials, which account for half its total business, showed sluggish sales.

The company benefited from a 6.3 per cent rise in non-operating income to Y14.6bn and a 15.4 per cent drop in its interest bill to Y3.6bn.

As planned, the interim dividend of Y5 a share includes a Y0.5 payment to commemorate its 85th anniversary. It is being paid from net earnings per share of Y10.49, down from Y17.14 last time when the payout was Y4.5.

Telmex makes sound first-half headway

By Damian Fraser in Mexico City

TELEFONOS de Mexico (Telmex), Mexico's monopoly telecommunications company, yesterday reported net profits of 3,638bn pesos ($1.16bn) for the first half to June, up 5.4 per cent on the same period last year.

Operating income advanced to 4,297bn pesos, representing a 12.7 per cent increase in real terms.

This was struck after extraordinary losses in the second quarter of about 192bn pesos covering pension fund contributions and provisions for obsolete inventory. If the extraordinary losses are excluded, the underlying increase in operating income was 22.5 per cent, said Mr Robert Morris of Goldman Sachs, San Francisco.

Second-quarter earnings per American depositary receipt (ADR) were $1.03. But excluding the extraordinary losses, and an estimated $70m loss on Telmex's non-dollar debt in the second quarter, earnings per ADR rose to $1.24, according to Mr Morris.

Telmex added 326,000 new telephone lines in the first half. Lines in service in the second quarter were up 14.6 per cent, while margins, at 43.9 per cent, were flat.

● Vitro, Mexico's largest industrial conglomerate, reported net profits of 339,000m pesos ($108m) in the first half, practically unchanged from the same period last year.

Mr Ernesto Martens, chief executive, blamed the poor results on the US recession, the strong peso, and low international prices on glass goods.

Canadian carriers resume merger talks

By Robert Gibbens

CANADA'S two major airlines are resuming merger talks with federal government approval.

Both Air Canada, privatised two years ago, and Canadian Airlines International, owned by PWA Corporation of Calgary, took heavy losses in the first half this year and both are staggering under big debt loads.

They broke off merger talks late last year with acrimony, each saying it would do better linking up with American carriers to achieve greater access to the US market.

However, PWA says its lengthy talks with AMR, parent of American Airlines for an alliance have been terminated. British Airways' acquisition of 21 per cent of USAir for US$750m last week effectively ended Air Canada's flirtation with the American carrier.

Air Canada chairman, Mr Claude Taylor, said: "Powerful market forces compel carriers to consider all their options and the existing structure of the Canadian airline industry is not viable."

He said the merger talks with PWA would resume this week, and Ottawa "will be monitoring them closely".

New Zealand Post plunges into red

By Terry Hall in Wellington

NEW Zealand Post, the national postal-service operator hit by heavy restructuring costs, yesterday reported attributable losses of NZ$2.2m for the year to March 31, compared with profits of NZ$30.03m (US$16.4m) a year earlier.

The company, whose directors expect it to be offered for sale early in 1993, reported net profits of NZ$5.37m down from NZ$27.46m, after restructuring costs of NZ$42.69m.

INTERNATIONAL COMPANIES AND FINANCE

Stevens to quit top job at Invesco

By Robert Peston in London

LORD STEVENS is stepping down as chief executive of Invesco MIM, the UK fund management group, after pressure from the group's non-executive directors.

However, he will stay on as chairman until the group's annual meeting next April. In the meantime, the group, which manages more than £30bn ($57.3bn) of funds, will search for a new chairman from candidates outside the group.

The departure of Lord Stevens, who for 20 years has been a prominent figure in the City of London, was approved by a board meeting on Monday. It was under negotiation for the previous "week or two", according to a board member, and was first discussed three or four months ago.

Lord Stevens is also chairman of United Newspapers, owners of the Daily Express, and of Alexander Proudfoot, the management consultant.

An Invesco director said there were three main reasons for Lord Stevens' resignation:

● The poor performance of Drayton Consolidated, an investment trust managed by Invesco and also chaired by Lord Stevens;

● The board's view that the role of chairman and chief executive at Invesco should be split;

● The adverse publicity which the group had attracted for its role as a manager of Maxwell pension funds. This publicity may have been damaging Invesco's relationship with clients, the director said.

IMRO, the self-regulatory organisation of pension fund managers, is investigating Invesco's role as a manager of Maxwell funds. However, the director said that there was "no hint of impropriety with regard to Maxwell".

Lord Stevens is staying on for now as chairman of Invesco as a demonstration of the board's confidence that it has nothing to fear from the IMRO investigation.

Renault and Peugeot plan to develop electric car

By William Dawkins in Paris

RENAULT and Peugeot, the French carmakers, yesterday announced a co-operation accord to help the development of electric cars over the next three years.

They have agreed to set up battery recharging points, servicing and maintenance for electric cars in at least 10 French cities, with the help of a FFr500m ($98.03m) government research grant, of which FFr300m is for this project.

Electric cars, produced in very small numbers in France, have a future as second cars for short journeys, said Mrs Segolène Royal, environment minister.

Around half of every car journey made in France is less than 3km and second cars travel on average less than 40km per week, the ideal range for electric vehicles, she said.

France's plentiful supplies of low-cost nuclear generated electricity provided a good environment for electric cars, said Mr Dominique Strauss-Kahn, industry minister.

The aim is to build a compatible infrastructure to support Peugeot's and Renault's separate ranges of electric cars by the time they come into commercial production. Peugeot estimates there will be a European market for at least 200,000 electric cars a year by the end of the decade.

Peugeot and its sister company Citroën over the past three years have sold 300 small commercial vans, conventional models converted to electric power, mostly to local authorities. It plans to launch an adapted electric Peugeot 106 hatchback and a Citroën AX in 1995, 50 of which will go on trial at La Rochelle.

Renault also has a pilot range of electric vans, based on a six-year test by local authority services in Châtellerault, south-west France. These are due for commercial sale next year and Renault is planning to sell an adapted electric Clio hatchback from 1994.

Further ahead, it is working on two purpose designed electric cars, as distinct from converted models. These are the Elégie, designed for short-range city use, for possible sale from 1995, and the Vert, with both petrol and electric engines for longer journeys, for possible sale at the end of the decade.

Earnings up at Placer Pacific

By Kevin Brown in Sydney

PLACER Pacific, the Australian gold mining group, yesterday said net earnings for the half year to June were A$34m (US$25.3m) against A$24m in the year-earlier period. It said all the main mines it has an interest in met production targets.

Placer, which is 75.8 per cent owned by Placer Dome of Canada, said production from the five top mines climbed to 1.19m oz, of which its share totalled more than 520,000 oz.

The average price fell to A$505 per oz from A$524 in the same period last year. Tight controls cut production costs to A$216 an oz from A$258.

● Newcrest Mining, another Australian gold miner, said higher metal prices and productivity helped it recover from a poor first quarter, although net profits for the June half were down 9 per cent to A$23m.

Sales for the half were A$200m against A$192m. Gold production was 13.1 per cent higher at 371,082 oz. Costs per oz sold were lower at A$379, down from A$382.

Mr John Quinn, managing director, said the company performed strongly in the second quarter.

● Poseidon Gold, part of the Normandy Poseidon group of Mr Robert Champion de Crespigny, said acceptances for its offer for Mount Leyshon Gold Mines exceeded expectations. It now holds 75.6 per cent of the stock.

Samba posts 30% improvement

By Mark Nicholson, Middle East Correspondent

SAUDI American Bank (Samba), the joint-venture Saudi Arabian bank 30 per cent owned by Citicorp, has announced a 46 per cent rise on first-half earnings to $119.2m over last year's figure.

Saudi Arabia's biggest joint venture bank said it had increased earnings in treasury, corporate lending and retail operations. Samba said that it expected a considerable improvement on last year's record earnings of $200.5m.

Deposits grew by 19.3 per cent to $7.8bn, reflecting a gain in market share in the buoyant Saudi market. Most Saudi banks have reported increased deposits since the end of the Gulf War last year. Net loans and advances grew by 23.4 per cent to $2.9bn. The bank made a $4.5m transfer to loan loss reserves, a 31.3 per cent fall on equivalent figures last year.

● The Bahrain-based offshore Gulf International Bank (GIB) reported a 26.7 per cent rise in first-half earnings to $25.6m over last year. Assets rose to $6.2bn from $5.9bn, while deposits were up over the six months to $5.6bn from $5.3bn.

GIB, formerly owned by six Gulf governments (Saudi Arabia, Kuwait, the Abu Dhabi Investment Authority, Bahrain, Oman, Qatar) and Iraq, earlier this year shed its Iraqi holding and was effectively taken over by the Gulf Investment Corporation, which is owned by the six Gulf states.

EC to seek Ecu500m in syndicated loans market

By Sara Webb in London

THE European Community is poised to tap the international syndicated loans market for the first time in nearly a decade with a three-year Ecu500m ($675m) facility. The proceeds will finance imports of agricultural and medical products by the republics which formerly made up the Soviet Union.

The EC is expected to award the mandate to a European bank this week. Deutsche Bank and National Westminster Bank are among those which have bid for the position of lead manager, although Banque Nationale de Paris and Société Générale have been mentioned as contenders.

The EC traditionally prefers to borrow in the international bond markets – where it can fund at below the London interbank offered rate (Libor) – rather than the international syndicated loans market where pricing is much higher.

An EC official stressed that in the case of funding exports to former Soviet republics, the EC had chosen a syndicated loan "because it gives us flexibility to choose the date of drawing the funds.

"In this case we will need a lengthy draw-down period which would be difficult to arrange with a bond where we would have to take the funds and then be exposed to an interest rate risk."

The EC last tapped the international syndicated loans market in 1983 with a $1.24bn term loan. Last November it provided a guarantee for 98 per cent of an Ecu500m loan to the Bank for Foreign Economic Affairs of the USSR, arranged by Deutsche Bank.

The financing covered food exports from the EC to Russia and the margin was 50 basis points over Libor, with "generous fees," Deutsche Bank said.

However, bankers say the latest loan will be much more tightly priced given that the actual borrower is the EC, a triple-A rated name which is zero-risk weighted for capital adequacy purposes.

Bull registers FFr1.68bn loss on high debt charges

By William Dawkins in Paris

BULL, the French state-owned computer maker, yesterday reported a slightly worse than expected FFr1.68bn ($336m) loss for the first half of the year, burdened by high debt charges and the continued decline in its main markets.

The loss compares with the FFr1.5bn forecast given by former chairman Mr Francis Lorentz last month, half of which was financing charges. However, this is a 13.4 per cent improvement on the FFr1.94bn net deficit in the same period of 1991.

The operating loss decreased in the second quarter, for the sixth consecutive three monthly period, said a Bull official. Operating losses were FFr857m in the first six months of this year, a FFr435m improvement on the FFr1.29bn operating loss in the first half of 1991. Sales fell by 9.2 per cent from FFr15.2bn to FFr13.8bn over the period.

Bull attributed the improvement to the reduction in costs through its restructuring plan, under which it has announced a 20 per cent cut in its workforce and the closure of seven of its 13 plants. It is on track to meet its target of breaking even at the operating level by the end of this year, said an official.

The company's interest charges are also likely to fall, thanks to a FFr4bn injection of capital from the French government, recently approved by the European Commission, to the irritation of the UK Government which believes this will distort free competition.

The results place Bull roughly in the lower middle range of leading computer companies' recent performance. Digital Equipment last week revealed a first-quarter loss of $1.85bn, most of which was restructuring charges, while IBM revealed disappointing profits, sending its share price into a decline. Compaq, by contrast, reported a 43 per cent jump in second-quarter earnings, after slashing its prices.

Income leaps at USX thanks to tax refund

By Martin Dickson in New York

USX yesterday reported a return to profit by its US Steel subsidiary, the largest steel manufacturer in the US, as the metals and energy group reported a jump in consolidated second-quarter net income from $25m to $232m, helped by a big tax refund.

US Steel made operating income of $45m, and net income of $6m, or 10 cents a share, compared with losses of $32m, $39m and 79 cents respectively in the second quarter of last year. The figures were broadly in line with analysts' expectations.

US Steel is the first major US steel manufacturer to report a return to profit since the recession of 1991, but few, if any of its rivals, are expected to follow suit until later this year.

A downturn in US demand and global over-capacity have kept steel prices extremely weak while many US manufacturers are still carrying out costly modernisations.

Mr Charles Corry, chairman of USX, said its steel operations were benefiting from modernisation, and cost reductions, but prices remained severely depressed, mainly due to subsidised and dumped imports.

Second-quarter shipments were up 7 per cent from a year ago, but were only modestly above the first quarter. Shipments were expected to remain flat in the third quarter.

USX, which last year split its shares into two units, one for its steel business and one for its energy side, reports the two divisions' results separately.

Its USX-Marathon energy business recorded second-quarter net income of $226m, or 79 cents, compared with $64m, or 25 cents, in the second quarter last year. Sales dipped from $3.5bn to $3.2bn. The Marathon group's operating income was $191m, just $10m higher than a year before. The figures included a $119m tax refund, a $98m non-cash revaluation reserve adjustment and a $115m restructuring charge.

The bottom line jump was due mainly to $109m in net financial income, against an $83m outflow a year ago. This was primarily the result of interest on the tax refund.

For the six months, USX as a whole reported net income of $254m, against a $212m loss.

Hypo-Bank ahead 12.7% in first half

By Andrew Fisher in Frankfurt

BAYERISCHE Hypotheken- und Wechsel-Bank (Hypo-Bank) yesterday said group operating profits rose nearly 12.7 per cent to DM769m ($513m) in the first half of this year.

Higher lending volume and improved margins had enabled the bank to lift net interest income by 16.4 per cent to DM1.6bn, while net fee income was 6.6 per cent up at DM266m.

The bank said it was still following a cautious risk policy and ensuring that credit volume in eastern Germany did not grow excessively.

Hypo-Bank was optimistic about prospects for the rest of the year, based on lively credit demand.

Total group lending, including mortgage business, rose by 6.8 per cent to DM161bn between December 31 1991 and the end of June.

The bank said group partial operating profits were 23 per cent higher at DM759m.

This was after a drop of 84 per cent to DM10m in profits on own account trading. All comparisons are with half of the figure for the whole of 1991.

INTERNATIONAL CAPITAL MARKETS

US Treasuries rise on consumer report

By Patrick Haverson in New York and Sara Webb in London

LONGER-DATED US Treasury prices rose sharply yesterday on news of a July consumer confidence report that was much weaker than expected.

In late trading, the benchmark 30-year government bond was up 1 1/32 at 106 25/32, to yield 7.427 per cent. The two-year note was slightly firmer, up 1/32 at 101 1/32, yielding 4.194 per cent.

The news that sparked the buying was the Conference Board's consumer confidence index for July, which fell to 61.0 from 72.6 in June. Most analysts had been expecting a slight decline in the index. Most of the activity was concentrated at the long end of the market, which in recent weeks has lagged behind shorter-dated maturities. However, in the past few days, the long bond has bounced back and is favoured by investors.

The short end of the market was held back by the auction of $15bn in two-year notes. The sale was completed successfully at an average yield of 4.29 per cent, the lowest recorded at a two-year auction.

GOVERNMENT BONDS

■ JAPANESE government bonds rallied, driven by good domestic demand as investors continued to pin their hopes on lower interest rates.

In spite of the half percentage point cut in the Official Discount Rate to 3.25 per cent on Monday, dealers said that market participants expected the weak state of the Japanese economy to prompt a further cut in interest rates within the next few months.

The benchmark No 129, which opened with a yield of 4.965 per cent, climbed steadily to yield 4.90 per cent by the close of trading in Tokyo. The September futures ended at 104.87, against its close of 104.49 on Monday.

Money market rates continued to edge lower with the call rate slipping from 4⅛ per cent to 4 1/16 per cent, while three-month certificates of deposit traded at 4.03 per cent, against 4.04 per cent on Monday.

■ SPANISH government bonds rallied on foreign and domestic buying, partly due to concern that there may be little interest in this week's auction of debt.

Dealers warned that the recent large decline in Spanish government bond prices could deter investors from bidding at the regular auction of three, five and 10-year paper.

"People are expecting a deserted auction – if investors don't participate in the auction, there may not be the usual amount of supply and this fear of a shortage of new supply has helped to push up bond prices temporarily," said one dealer.

The yield on 10-year bonds fell from 12.18 per cent to 12.05 per cent, while five-year bonds saw a fall in yield from 13.01 per cent to 12.87 per cent.

■ GERMANY'S government bond market drifted lower in light trading as dealers warned that the market was waiting for news from the Bundesbank council meeting in early August.

The favourable inflation figures released yesterday fell within the market's expectations and had little impact on bund prices. Western German consumer prices were increased by 3.3 per cent year-on-year, according to preliminary figures. The Liffe bund futures contract slipped from its opening of 87.47 to trade at 87.33 by late afternoon.

■ UK government bonds closed slightly weaker as dealers warned that funding concerns were troubling the gilt market again. The Bank of England was expected to announce preliminary details of its next gilt auction shortly.

The 9 per cent Treasury loan due 2008 traded at 100¾, down 1/8 from Monday to yield 8.90 per cent. Among shorter-dated gilts, the 10 per cent gilt due 1996 ended at 102¼, down 1/8.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	109.8663	+0.213	8.53	8.71	8.74
BELGIUM		9.000	06/01	100.2000	+0.050	8.96	8.99	8.91
CANADA *		8.500	04/02	107.0300	+0.700	7.47	7.80	8.14
DENMARK		9.000	11/00	98.0000	-0.150	9.34	9.26	9.05
FRANCE	BTAN	8.500	03/97	96.5819	-0.070	9.42	9.29	8.98
	OAT	8.500	11/02	96.2400	-0.150	9.06	8.99	8.77
GERMANY		8.000	01/02	99.3800	-0.015	8.08	8.11	8.05
ITALY		12.000	05/02	82.2450	+0.085	13.89†	13.98	13.14
JAPAN	No 119	4.800	06/99	98.8221	+0.429	5.03	5.28	5.49
	No 129	6.400	03/00	108.3738	+0.608	4.90	5.12	5.27
NETHERLANDS		8.250	02/02	98.0800	-0.060	8.38	8.40	8.32
SPAIN		11.300	01/02	94.5250	+0.750	12.27	12.34	11.42
UK GILTS		10.000	11/96	102-04	-03/32	9.37	9.32	9.20
		9.750	08/02	104-07	-04/32	9.10	9.10	9.17
		9.000	10/08	100-24	-05/32	8.91	8.92	9.00
US TREASURY *		7.500	05/02	106-10	+15/32	6.61	6.69	7.14
		8.000	11/21	106-20	+33/32	7.43	7.66	7.78
ECU (French Govt)		8.500	03/02	94.3500	+0.150	9.40	9.37	8.95

London closing *New York closing. Yields: Local market standard. † Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.) Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

Efim wins approval for L200bn credit line

By Robert Graham in Rome

THE Italian Treasury yesterday approved a credit line of L200bn ($178.1m) for Efim, the debt-ridden state holding company which was put into voluntary liquidation on July 17.

The credit is intended to allow Mr Alberto Predieri, the administrator of the liquidation, funds to cover operating needs of the holding with its 37,000 employees spread among over 80 subsidiaries. Efim's L8,500bn debt to the banks has been frozen for up to two years. It is understood the credit line will be used to pay wages and supplies.

This is the second measure introduced by the government to help Efim. Last Friday, the Ministry of Industry agreed to halve the cost of energy charged to Alumix, Efim's aluminium subsidiary.

Alumix has been the biggest single burden on Efim, largely due to high energy costs. Augusta, Efim's aerospace unit, last week received a lift with a L1,000bn helicopter sale to Canada.

Fokker prepared for legal action on bond redemptions

By Daniel Green

FOKKER, the Dutch aircraft manufacturer, is prepared to go to court to prevent some of its bondholders redeeming their bonds early following last week's agreement that Deutsche Aerospace (Dasa) should take control of the company.

Holders of two classes of domestic bond – Fl 150m ($89.7m) of 4¾ per cent convertible bonds maturing in five equal annual amounts from 1995, and Fl 150m at 7¾ per cent maturing in 1994 – can invoke a clause that allows for early redemption if the company changes hands.

Mr Henni Olde Loohuis, Fokker's corporate vice-president of finance, said that bondholders could only try to redeem if they believed the takeover meant there was a chance redemption could not take place at maturity.

"In the case of the convertible bonds, the clause is supposed to apply if the conversion rate itself is hurt," he said. "Most probably we could go to court and say that this does not apply."

He said a further obstacle faced bondholders who wanted to dispose of the bonds early. They would also have to hold a meeting and persuade the bond trustee to invoke the clause.

If the bondholders succeeded, Fokker would not have problems refinancing the bonds, said Mr Loohuis. The source of the new funds would not necessarily be the bond market.

One Dutch banker was doubtful yesterday over the ease of refinancing for Fokker. "It would be rare to see an early redemption," he said. "But it is very difficult for me to be positive about the question of refinancing."

The issue of whether holders would call for an early repayment of the bonds arose this week after the Dutch government agreed on Friday on the preconditions for a proposed transaction that would give Dasa 51 per cent of Fokker.

Fokker wants to join forces with Dasa partly because it lacks the capital to develop new models of the Fokker 100, its popular short-range aircraft.

New policy for finance advisers in US

THE US Securities and Exchange Commission has adopted a new policy requiring foreign investment advisers to comply with US securities laws only when they deal with clients based in the US, Reuter reports from Washington.

The plan was approved in a 4-0 vote by the agency's commissioners. It will make it easier for US investors to get advice from foreign advisers.

Under the new approach, foreign advisers registered with the SEC will be subject to their home country law, rather than US law, when giving advice to clients in their home country. The policy will apply as long as a foreign adviser's conduct does not affect US clients or US markets.

The SEC also agreed to permit foreign advisers not registered with the SEC greater flexibility to organise subsidiaries that are registered advisers.

Traders lack interest as activity slows

By Tracy Corrigan

THE Eurobond market was subdued yesterday, as depressed European markets and the summer holiday period slowed activity. Although traders were again dealing in Ecu bonds in calmer market conditions, after last week's selling and Friday's suspension of market-making, the market lacked buying interest. It is likely to remain dormant until the French referendum on European union in September.

INTERNATIONAL BONDS

Any activity over the next week or so is likely to be concentrated in the dollar sector, where historically low interest rates are again tempting US companies to lock in fixed-rate funding, but many will continue to prefer the US corporate market to the Eurobond market. Because swap opportunities are few, most dollar offerings are likely to be for US borrowers prepared to raise fixed-rate funds.

Investor appetite for dollar paper is not strong, partly due to continuing nervousness about the weakness of the dollar relative to other currencies. Once the currency turns, European investors are expected to become enthusiastic buyers of the sector.

The only substantial issue launched yesterday was a $510m three-tranche offering of subordinated debt for Long-Term Credit Bank of Japan, which had been placed in Asia Pacific. The bank will use the proceeds to shore up its capital base, in order to ensure it meets Basle capital adequacy guidelines.

Abbey National, the UK financial services company, has become the latest borrower to add a D-Mark option to its $10bn Euro medium-term note programme, with Merrill Lynch Bank as arranger.

At least a dozen more companies active in the market, including a number of UK building societies, are expected to add D-Marks to the range of currencies which can be used under existing programmes. On August 1, new Bundesbank rules to liberalise the issuance of D-Mark paper come into force, providing a lift for the booming Euro MTN market. Last week, Nationwide Building Society added a D-Mark option to its programme.

The European Bank for Reconstruction and Development will sign the first new programme to incorporate a D-Mark option on Friday. The signing of the Ecu1bn programme was delayed to allow the D-Mark option to be included.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Long Term Crdt.Bk.Japan(b)†	150	(b)	100	2002	-	LTCB Intl.
Long Term Crdt.Bk.Japan(c)†	160	(c)	100	2002	-	LTCB Intl.
Long Term Crdt.Bk.Japan(d)†	200	(d)	100	2004	-	LTCB Intl.
FRENCH FRANCS						
LKB(a)†	300	8¾	99.65	2000	-	BNP Cap.Mkts

**Private placement. §Convertible. ΦWith equity warrants. ‡Floating rate note. †Final terms. a) Fungible with outstanding 1bn FFr issue. Fees undisclosed. b) Tranche A of $510 issue. Coupon pays 6 month Libor plus 50bp for first 5 years, then pays 60bp thereafter. Callable at par on coupon dates from 20/8/1997. c) Tranche B of $510 issue. Coupon pays 7.20% for first 5 years, then pays 6 month Libor plus 75bp thereafter. Callable at par on coupon dates from 20/8/1997. d) Tranche C of $510 issue. Coupon payable semi-annually, pays 7.80% untill 20/8/1999, then on subsequent coupon dates there is a call option at par. If not exercised the bonds will pay 6 month Libor plus 75bp.

S&P raises credit rating on The Equitable

By Nikki Tait in New York

STANDARD & Poor's, the Wall Street rating agency, has raised its credit rating on The Equitable, the large US life insurer, from A to A+. The upgrade follows the insurer's conversion from mutual status, where it was controlled by its policyholders, to a conventional shareholder-owned company.

During the process, the insurer sold shares to investors – about $110m will be added to capital as a result – and received a further $1bn capital infusion from Axa, the large French insurer.

As a result Axa now holds a 49 per cent stake in The Equitable.

Australian bank lifts net profits to A$45m

By Kevin Brown in Sydney

ADVANCE Bank Australia, building society turned bank, yesterday announced a 31 per cent increase in net profits to A$45m ($33.5m) for the year to May.

The board declared a final dividend of 24 cents, taking the total dividend to 38 cents, compared with 29 cents in the previous year. The shares rose by 29 cents after the announcement to close at A$5.20.

Mr James Service, chairman, said the "highly satisfactory" outcome was caused by strong residential lending and continuing efforts to reduce operating costs.

He said expenses rose by only 4 per cent, in spite of expanding the Sydney-based bank's branch network into Brisbane and other parts of south-east Queensland.

Non-performing loans fell to A$116m from A$189m, equivalent to 2 per cent of total advances. This compared with 2.6 per cent in the previous year.

● ASB Bank, New Zealand's largest home loan lender, yesterday reported a fall in net profits to NZ$35.4m ($19.3m) for the year to June 30, from NZ$37.5m a year earlier, in spite of a record second-half performance, writes Terry Hall in Wellington.

The directors said growth in business and a tight rein on overheads led to a 75 per cent improvement in operating profits to NZ$21.8m in the second half.

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on July 28

[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	0	51	30
Other Fixed Interest	0	3	12
Commercial, Industrial	220	290	929
Financial & Property	90	179	524
Oil & Gas	10	18	58
Plantations	0	0	9
Mines	31	47	71
Others	24	66	49
Totals	375	654	1,682

LONDON RECENT ISSUES

EQUITIES

[illegible]

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. x Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. # Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". ¶ Introduction. § Placing price. †† Reintroduction. ♦ Unlisted Securities Market. ♣ Issued in connection with reorganisation, merger or takeover. pm Price at a premium. ♠ Units comprising 1 Ord. and 1 Zero Div. Pref. Share.

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

TRADITIONAL OPTIONS

● First Dealings July 20
● Last Dealings Aug. 1
● Last Declarations Oct. 15
● For settlement Oct. 26

3-month call rate indications are also shown on this page.

Calls in Euro Disney, G.M. Firth, Gestetner, Greycoat, Glynwed Intl., Mirror Group, Midland & Scot. Res. (10p shares), Medeva, Premier Cons. and SEET. Put and call in ASDA.

LIFFE EQUITY OPTIONS

[illegible]

July 28 Total Contracts 19,695
Calls 8,990 Puts 10,705
FT-SE Index Calls 3,338 Puts 3,602
Euro FT-SE Calls 1,210 Puts 288
*Underlying security price. † Long dated expiry months. Premiums shown are based on closing offer prices.

TRADITIONAL OPTION 3-month call rates

	p
■ INDUSTRIALS	
Allied-Lyons	49
Amstrad	6
Astec (BSR)	3
BAT Inds	58
BOC	53
BTR	55
Barclays	29
Blue Circle	24
Boots	34
Bowater	60
Brit Aerospace	26
British Steel	7
BT	[illegible]
Cadburys	[illegible]
Charter Cons.	37
Comm Union	34
Courtaulds	43
Eurotunnel	32
FKI	6
FNFC	7
Forte	19
GKN	33
Gen Accident	38
GEC	17
Glaxo	62
Grand Met	38
GRE	[illegible]
Ladbroke	18
Legal & Gen	29
Lex Service	22
Lloyds Bank	32
Lonrho	12
Lucas Inds	12½
Marks Spencer	27
Midland Bank	30
NatWest Bank	26
P & O Dfd	37
Racal Elect	5½
RHM	18
Sears	8½
Smkl Bchm A	60
TI	55
TSB	11½
Tesco	22
Thorn EMI	63
T & N	11½
Unilever	70
Vickers	15
Wellcome	75
■ PROPERTY	
Brit Land	18
Land Sec.	30
MEPC	26
Mountleigh	1½
■ OILS	
Aviva Pet	25
BP	18
Burmah Castrol	48
Conroy Pet	6½
Gaelic Res	½
Premier Cons	2¾
Shell	35
Tuskar Res	½
■ MINES	
RTZ	47

Greene King declines slightly to £21.9m

By Maggie Urry

MR SIMON REDMAN, chairman of Greene King, the Suffolk-based brewer, yesterday spelt out the costly legacy of its £104m bid for Morland, its Oxfordshire rival, which failed last week. He was speaking after reporting a slight fall in pre-tax profits to £21.9m in the year to May 3.

Greene King launched its bid for Morland in June and holds a 29.3 per cent stake, bought at a cost of £28m or 450p a share. Morland shares closed unchanged at 418p, and Greene King's fell 1p to 474p.

Mr Redman said the yield on Morland shares at 450p was 2.5 per cent and the annual carrying cost of the stake would be £2.25m. The costs of the bid would be reflected in an extraordinary charge of £3m in the current year's accounts.

The cost of buying the Morland shares lifted the group's debt to £75m and its gearing to about 33 per cent against 27 per cent at the previous year end.

Mr Redman said another bid for Morland did not appear attractive, but would depend on conditions in a year's time when the group would be free under takeover rules to rebid.

Analysts said it was unlikely Greene King could sell its stake in Morland, except at a large loss, as other companies would be unlikely to try a bid where Greene King had failed.

Mr Redman said he was now looking to expand the business organically. The company has 825 pubs giving it plenty of headroom to expand.

The announcement of the group's results had been delayed until the Morland bid closed. Pre-tax profits fell to £21.9m from £22.1m in the previous 53 week period.

Mr Redman said trading conditions had been "extremely tough", but Greene King's beer sales by volume fell only 2 per cent compared to a 10 per cent fall in the market in the south-east as a whole.

Group sales improved 1.8 per cent to £128.6m, and trading profits rose 9.6 per cent to £25.3m, despite an increase in bad debts from £1m to £1.9m. The group's properties were revalued and showed an £11.6m surplus over the valuation five years earlier.

The net interest charge was £5.5m (£4.9m). Property profits fell from £3m to £2.3m. Earnings per share were 40.1p, up 5 per cent, while a final dividend of 8.1p takes the total to 11.6p.

Ashley Ashwood

Simon Redman: looking to expand the group organically

Allied Textile outperforms sector with £5.2m

By Peter Pearse

PRE-TAX PROFITS at Allied Textile Companies, the Yorkshire-based wool group, slipped to £5.21m in the six months to March 31.

Last time's reported result was £5.31m but was restated to £6.51m to comply with new accounting policies adopted on current and fixed asset investments valued at market value rather than at cost.

Mr Gerald Wightman, finance director, said textile profits were "down marginally in the half", though he pointed out that competitors in the sector had been reporting losses or sharp downturns.

He ascribed Allied's relative immunity to the sector malaise to "the more realistic approach of our management" and the fact that "we have a wider spread than most".

Carpets, he said, did less well than last time.

The domestic market, tied to housing and construction, was poor and the Blackburn factory was closed.

On the contract side, pub and club refurbishment was stalled by monopoly deliberations, he said, but bespoke carpets – for the likes of the Dorchester Hotel in London and luxury liners Cunard Princess and Sea Countess – had done well.

Nylon fabrics, boosted last year by Ministry of Defence orders for sand-coloured camouflage netting, had returned to the levels of two years' ago, but materials for uniforms and corporate clothing did well, especially in the export market.

Fully fashioned knitwear had seen an upturn, as competitors had gone under and knitwear became more fashionable.

The company derives about one third of its profits from investments.

It has maintained its cash pile at about £17m and Mr Wightman expected that to remain the case until the year-end, by which time the company would have incurred about £5m capital expenditure.

The sale of properties has slowed to a crawl – in 1990 disposals earned some £4m, in 1991 a mere £71,000, and in the period under review "just a few thousand".

Turnover rose to £63m (£59m). Earnings per share slipped to 12.38p (12.81p as reported and 15.71p restated).

The interim dividend is lifted from 4.4p to 4.5p.

Shandwick in the black but omits pay-out

By Andrew Bolger

SHANDWICK, one of the world's biggest public relations companies, is passing its interim dividend in spite of returning to the black in the six months to April 30.

Pre-tax profits of £1.54m were well down on the £8.12m made in the six months to January 1991, the nearest comparable period after a change in year-end.

However, they are a considerable improvement on the plunge into losses of £1.44m for the 15 months to last October.

When those losses were flagged in December, Shandwick's share price dropped from 125p to 52½p. Yesterday they closed 1p lower at 11p, valuing the group at less than £10m.

Turnover was £79.1m (£75.6m). Profits were struck after an exceptional charge of £309,000, relating to part of the costs of refinancing earlier this year, and interest payments of £2.81m (£2m). The full refinancing costs of £1.7m will be taken as an exceptional charge at the end of the current year.

Mr Peter Gummer, chairman and chief executive, said: "The economic conditions in which our clients trade throughout the world remain extremely poor and show little or no sign of improvement."

The group has negotiated banking facilities totalling £65m until next March, which it said were sufficient for forecasted needs. At April 30 net debt stood at £58.3m, an increase of £9m in the half-year. Net debt is expected to peak at £60m by the year-end, and to decrease thereafter.

The group has a £987,000 loan outstanding to its Employee Share Ownership Plan, secured by shares which are currently worth only £109,000. The board said it would review the need for any write-down on this loan at the year-end.

Shandwick, which grew rapidly through acquisitions in the 1980s, made acquisition-related payments of £6.2m in the half-year, with a further £2m payable in the second half.

Staff numbers have been reduced by 15 per cent from more than 2,200 in January last year to 1,870 at present.

The group said it had been profitable, after central costs and interest, every month since last December.

Although, for the first time in its history, operating income declined slightly, the resilience of the income stream was in large part because some 70 per cent of fees came from existing clients.

Earnings for the period were 0.9p (6.4p) per share.

Auditors to resist ADT writ strongly

By Andrew Jack

BINDER HAMLYN, the accountancy firm, yesterday vigorously defended itself against a writ issued by ADT, the Bermuda-based security and car auction company, in connection with the company's £110m takeover of Britannia Security Group.

Mr John Norton, Binder's managing partner, who said he had not yet seen the writ but knew it had been issued, said: "We will be resisting it very strongly."

The writ accuses Binders of negligent misrepresentation in its role as auditors to Britannia prior to the takeover of the company by ADT in January 1990.

Binders approved the company's accounts, and is also believed to have held a meeting with ADT as part of the due diligence which took place before the acquisition was agreed.

When a more detailed statement of claims is issued to back up the writ, it is likely to press for damages of up to $278m (£146m). This represents the total value of goodwill written off after the acquisition, as shown in ADT's 1991 annual accounts.

The report showed that a review of Britannia's businesses showed certain assets, particularly subscriber systems installed at customer premises had been included in the accounts "at values materially in excess of their net realisable value".

Mr David Hammond, ADT's deputy chairman, said the company is continuing to take professional advice on all aspects of the acquisition.

He did not rule out legal action against others who were involved, but said it would not cover the company's own advisers at the time of the takeover.

Harland Simon acts to reassure shareholders

By Peggy Hollinger

HARLAND SIMON, the loss-making controls systems group, yesterday acted to reassure nervous investors who have seen the share price plunge from 585p in February to last night's 15p.

The company said recent press comment had prompted clarification of its trading status. "The core businesses . . . are fundamentally sound and capable of trading profitably", it said. Progress was being made on the disposals of peripheral businesses, Vickerys, Contraves, Pro-Aqua and NEF.

The company also responded to reports of investor unrest over Harland's relationship with PIL, a loss-making information network company. Harland's pension fund has come under fire for a £500,000 investment in PIL. Harland has repaid the money to the pension fund.

Harland stressed that shares held by Sandford Etablissements in PIL had at no time been held for the benefit of a director of Harland, or a company in the group.

The company said it had tried to obtain information about the beneficial ownership of the shares, but without success. "The board has always believed that beneficial ownership was with Oerlikon Buhrle," the statement said. The group added that its investment in PIL would not be long-term. Harland holds 63 per cent of of the information network company.

Earlier this month, Harland announced pre-tax losses of £6.32m for the year to March 31, compared with profits of £9.88m.

ML Laboratories seeks £15.8m via rights issue

ML LABORATORIES, the USM-quoted company which is researching treatments for Aids and kidney patients, is raising £15.8m through a 1-for-10 rights issue of 2.49m shares at 650p apiece.

Proceeds will be used to fund construction of a manufacturing plant to produce its glucose polymer for use in the treatment of patients suffering from kidney failure.

The shares yesterday fell by 28p to 735p.

The rights issue is fully underwritten by Hoare Govett Corporate Finance who together with Panmure Gordon are brokers to the issue.

ML's losses trebled to £460,000 in the year to September 30 compared with a deficit of £116,000 last time.

British Coal ready to sell smokeless fuel side

By Roland Rudd

BRITISH COAL is preparing to sell Coal Products, its smokeless fuel business, to a single trade buyer.

The planned sale of the wholly owned subsidiary is a commercial decision by BC, independent of the government, before the run-up to privatisation of the corporation.

Coal Products Limited made operating profit of £2m for the year ended March 28. Last year it had debt of £50m; it has not yet filed its separate accounts for this year.

Anglo United, owner of Coalite smokeless fuel, is likely to be the main contender to buy CPL.

Although Mr David McErlain, Anglo's chairman, was unavailable for comment yesterday, he recently expressed interest in buying the business.

Mr Malcolm Edwards, BC's former commercial director who now runs his own energy business, said: "The price for CPL should be related to its realistic earnings capacity and not to its inherited debt."

BC has decided first to shut CPL's loss-making Avenue Coke and Chemical plant near Chesterfield, which produces Sunbright fuel for the domestic closed fire market. BC said it would be meeting with the employees on Monday.

Anglo is likely to become an immediate beneficiary of the decision. Last year it introduced its Blasebright product, for the domestic closed fire market, in the expectation that BC's Chesterfield plant would close.

Anglo currently produces 20,000 tonnes of Blasebright a year, compared to Sunbright's 320,000 tonnes.

Anglo is interested in buying CPL for two reasons. First, because it would like to take over Phurnacite, BC's other smokeless fuel for the domestic closed fire market, which is produced at Immingham.

Second, CPL's Coventry plant, producing Homefire fuel for the open fire market, would make an ideal fit with Coalite.

Anglo currently produces about 400,000 tonnes of smokeless fuel for the open fire market, about 50 per cent of its total capacity, because it believes there is already too much capacity in the market.

The mild winter and continuing recession dented Anglo's pre-tax profits which fell to £8.3m (£15.7m) in the year to end-March.

Cadbury Schweppes' South African arm advances

By Philip Gawith in Johannesburg

CADBURY SCHWEPPES, the South African subsidiary of the UK confectionery, food and soft drinks group, overcame difficult trading conditions to achieve a 29 per cent increase in profits in the 24 weeks to mid-June.

Management warned, however, that trading conditions had deteriorated recently and growth for the full year was unlikely to match that of the first half.

Strong sales volume growth in the soft drinks sector helped lift turnover which rose by 24 per cent to R296.5m (£60m) compared with R239.9m. Apart from growth in drink sales, consumer demand was generally weak, reflected in slightly lower margins. Although selling prices were held below inflation, they were partially offset by improved sales volumes and cost controls.

Operating profit was 21 per cent higher at R26.2m (R21.6m).

Associated companies performed strongly, with profits rising by 48 per cent from R4.9m to R7.3m.

The dividend is lifted to 15 cents per share (12 cents). Earnings per share were 61.2 cents (47.8 cents).

British Bio-technology loss doubles to £11.6m

By Paul Abrahams

BRITISH Bio-technology, the recently floated pharmaceuticals group, yesterday reported losses before tax for the year ended April 30 almost doubled from £6.13m to £11.6m.

Mr Keith McCullagh, chief executive, said the results were in line with expectations. Product research and development expenditure was likely to increase from about £11.5m in 1991 to about £15m this year, he said. This would lead to losses about 50 per cent higher for the current year.

Losses per share increased from 34.9p to 44.9p.The company is not paying a dividend.

Net cash outflow was £12m (£10m), partly because of increased spending. However, revenues fell from £5.24m to £5.1m.

Mr McCullagh said this followed a decision to push through more research to the development stage, allowing the company to generate more substantial revenues at a later date.

The balance sheet remained strong with cash reserves of more than £37m at the year end, he said. This had been increased to £60m following the flotation, and would allow the group to extend its clinical trial programme.

Mr McCullagh said the group's strategy was to sell the marketing rights for medicines that would be prescribed by general practitioners, but keep the UK and possibly European rights for products to be sold into hospitals. These drugs required smaller, less expensive, sales forces.

British Bio-technology would be looking to sign a co-development and marketing deal, late this year or early next year, with a significant pharmaceuticals company for its Aids vaccine. The drug has completed phase I safety trials on healthy volunteers and the group is hoping to establish its efficacy with further trials.

Maple Leaf Inns acquires 18 pubs from Bass

By Philip Rawstorne

Maple Leaf Inns, a joint venture company launched last month by Labatt, the Canadian brewer, and Pubmaster, the Brent Walker subsidiary, has bought 18 public houses in the north west of England from Bass for an undisclosed amount.

Mr John Brackenbury, chairman of Maple Leaf, said further acquisitions were expected in the next three months. The company intended to expand its estate to a total of 1,000 pubs nationally.

The National Home Loans Corporation plc

(the "Issuer")

Notice of Meeting of the holders of the

U.S.$100,000,000

8¾ per cent. Notes due 1992

of the Issuer

(the "Noteholders" and the "Notes" respectively)

TO THE NOTEHOLDERS:

NOTICE IS HEREBY GIVEN that a Meeting of the Noteholders convened by the Issuer will be held at 11.00 a.m. (London time) on Thursday 20th August, 1992 at 150 Aldersgate Street, London, EC1 for the purpose of considering and, if thought fit, passing the following Resolution which will be proposed as an Extraordinary Resolution in accordance with the provisions of the Trust Deed dated 7th July, 1987 made between the Issuer (1) and The Law Debenture Trust Corporation p.l.c. (2) (as amended by the First Supplemental Trust Deed dated 27th July, 1992) and constituting the Notes:

EXTRAORDINARY RESOLUTION

THAT THIS MEETING of the holders of the U.S.$100,000,000 8¾ per cent. Notes due 1992 of The National Home Loans Corporation plc (the "Noteholders", the "Notes" and the "Issuer" respectively) constituted by the Trust Deed dated 7th July, 1987 (the "Trust Deed") made between the Issuer (1) and The Law Debenture Trust Corporation p.l.c. (the "Trustee") (2) as amended by the First Supplemental Trust Deed dated 27th July, 1992 (the "First Supplemental Trust Deed") between the Issuer *(1) and the Trustee (2) hereby and with effect from the day following the day on which this Resolution is passed:*

(i) ratifies and confirms the execution and delivery of, and the performance by the Trustee of its obligations under, the Interim Trust Deed dated 28th July, 1992 made between the Issuer (1) and the Trustee (2) and constituting a trust in respect of certain distribution entitlements paid to the Trustee pursuant to the Refinancing Agreement dated 29th June, 1992 made between the Issuer (1), NHL Finance (Nederland) B.V. (2), Morgan Guaranty Trust Company of New York ("Morgan Guaranty") (3) and the other financial institutions therein named (4);

(ii) subject to paragraph (v) of this Resolution, assents to the modifications to the Conditions of the Notes as printed on the reverse of them and in Part II of the Second Schedule to the Trust Deed and to the provisions of the Trust Deed (as modified by the First Supplemental Trust Deed) and to the Paying Agency Agreement dated 7th July, 1987 (the "Paying Agency Agreement") made between the Issuer (1), the Trustee (2) and Commerzbank Aktiengesellschaft and others (3) and relating to the Notes, as set out in the draft Second Supplemental Trust Deed (the "Second Supplemental Trust Deed") proposed to be made between the Issuer (1) and the Trustee (2), the draft Supplemental *Paying Agency Agreement (the "Supplemental Paying Agency Agreement")* proposed to be made between the Issuer (1), the Trustee (2) and Commerzbank Aktiengesellschaft and others (3), the draft Inter-creditor Agreement (the "Inter-creditor Agreement") proposed to be made between the Issuer (1), NHL Finance (Nederland) B.V. (2), Morgan Guaranty as Facility Agent (3), Morgan Guaranty as Security Agent (4), and the Trustee (5) and the draft Deed Poll of National Home Loans Holdings PLC in favour of Qualifying Noteholders (as defined therein) (the "Deed Poll"), each of such documents being in the form respectively produced to this Meeting (a copy of each of which has been signed for identification by the Chairman of the Meeting);

(iii) subject to paragraph (v) of this Resolution, sanctions every abrogation, modification, compromise or arrangement in respect of, or in addition to, the rights of the Noteholders and the holders of the Coupons relating to the Notes against the Issuer involved in or resulting from the modifications referred to in paragraph (ii) of this Resolution, and involved in or resulting from the provisions contained in the documents produced to this Meeting as aforesaid;

(iv) authorises and requires the Trustee to concur in the modifications referred to in paragraph (ii) of this Resolution and, in order to give effect thereto, execute the Second Supplemental *Trust Deed, the Supplemental Paying Agency Agreement* and the Inter-creditor Agreement in the form of the drafts referred to in paragraph (ii) of this Resolution with such modifications (if any) as are approved in the manner stated in this Resolution and to concur in, execute or do any other act or thing necessary, desirable or incidental to give effect to this Resolution;

(v) notes that the provisions set out in paragraphs (ii), (iii) and (iv) of this Resolution anticipate the occurrence of the following events on or prior to the day following the day on which this Resolution is passed (the "Effective Date"); and declares that the effectiveness of paragraphs (ii) and (iii) of this Resolution is conditional upon the occurrence of all the following events on or prior to the Effective Date:

(a) the execution and delivery by all the parties thereto of the documents referred to in paragraph (iv) of this Resolution, the Deed Poll and the Reference Agency Agreement proposed to be made between the Issuer (1) and Morgan Guaranty as Reference Agent (2);

(b) the payment to or to the order of the Trustee of the full amount of the amendment fee of U.S.$500,000; and

(c) the payment to the Principal Paying Agent of the *full amount of interest accrued on the Notes up to the Effective Date; and*

(vi) determines that references in this Resolution to any document are to that document as produced to this Meeting and signed for identification by the Chairman of the Meeting as modified in such manner as the Trustee may approve and as is not materially prejudicial to the interests of the Noteholders or is of a formal, minor or technical nature or to correct a manifest error (in each case, in the opinion of the Trustee).

FURTHER DETAILS

The Meeting is being convened to vote on a proposal for the restructuring of the Notes. A summary of the proposal is contained in an Information Memorandum of the Issuer addressed to Noteholders (the "Information Memorandum") and the full details are contained in the draft Terms and Conditions of the Notes (both of which are available for collection by Noteholders as referred to below). The principal features of the proposal (in outline) are as follows:

(a) the final redemption date of the Notes will be extended to 31st December, 1995, subject to a right to prepay in whole the Notes and all other financing creditors of the Issuer at the option of the Issuer before such date;

(b) the Notes will bear interest at 0.5 per cent. above one month U.S. Dollar LIBOR payable monthly in arrears on the first business day of each month commencing on 1st September, 1992;

(c) there will be an additional entitlement to an annual fee of 1.5 per cent. (on the principal amount from time to time outstanding on the Notes) payable annually in arrears commencing on 31st December, 1993 and payable only to the extent that a forecast net asset test of the Issuer is met;

(d) Noteholders will be entitled to receive periodic repayments of principal varying in frequency and amount depending on the available surplus cash of the Issuer, payable on a pro rata basis with all other financing creditors of the Issuer;

(e) Noteholders will be entitled to an amendment fee of 0.5 per cent. of the outstanding principal of the Notes if the Notes are surrendered. The Extraordinary Resolution is conditional, inter alia, on this payment being made to or to the order of the Trustee on or prior to the day following the day on which the *Extraordinary Resolution* is passed;

(f) Noteholders will, if they register their right to it, be entitled to a success fee payable by the Issuer's holding company, National Home Loans Holdings PLC ("NHLH") on 31st December, 1998, the amount of the fee being calculated by reference to the average mid market price of NHLH's ordinary shares over a defined period and being payable in cash or, at the option of NHLH, in whole or in part by the issue of ordinary shares in NHLH;

(g) there will be certain amendments, deletions and additions to the existing events of default;

(h) the Notes will be replaced by a permanent Global Note which will be held by a common depositary for Euroclear and Cedel and Noteholders will be entitled to definitive Notes only in limited circumstances; and

(i) Noteholders already have the benefit of a trust in relation to security granted by the Issuer and NHLH. Copies of the security documents and the draft Inter-creditor Agreement are available for inspection by Noteholders as referred to below.

At the time that the Refinancing Agreement was entered into, the first repayment of principal was made to or for the benefit of all the Issuer's financing creditors. The Trustee and the Issuer entered into an Interim Trust Deed (the "Interim Trust Deed") on 28th July, 1992 to provide for the holding by the Trustee of the Noteholders' share of this repayment and the release of it to Noteholders on the earlier of the amendment of the Terms and Conditions of the Notes and 21st August, 1992.

Paragraph (i) of the Extraordinary Resolution provides for the approval by Noteholders of the Interim Trust Deed.

Paragraph (v) of the Extraordinary Resolution provides that the provisions of the Resolution approving the amendments to the Terms and Conditions of the Notes are conditional upon all the necessary agreements and documents having been executed and delivered and payment having been made of both the amendment fee of U.S.$500,000 and the interest accrued on the Notes up to the Effective Date, which is expected to be 21st August, 1992.

Copies of the Information Memorandum (which contains a summary of the proposal, details of the background to and the reasons for the proposed modifications to the *Terms and Conditions of the Notes and a copy of this notice of Meeting), the draft amended Terms and Conditions of the Notes, subject to completion and* amendment, and the draft of the Second Supplemental Trust Deed, subject to completion and amendment, are available for collection and copies of the following documents are available for inspection by Noteholders at the specified offices of any of the Paying Agents for the Notes set out below, at the registered office of the Issuer set out below and at the office of Theodore Goddard, 150 Aldersgate Street, London EC1A 4EJ, during normal business hours on any weekday (Saturdays and public holidays excepted) up to the time of the Meeting and at the Meeting itself (but only on production of satisfactory evidence as to status as a Noteholder):

(a) the Trust Deed dated 7th July, 1987 made between the Issuer (1) and the Trustee (2);

(b) the First Supplemental Trust Deed dated 27th July, 1992 made between the Issuer (1), and the Trustee (2);

(c) the Paying Agency Agreement dated 7th July, 1987 (the "Paying Agency Agreement") between the Issuer (1), the Trustee (2) and Commerzbank Aktiengesellschaft as Principal Paying Agent and the other paying agents named therein (3);

(d) draft, subject to completion and amendment, of the Supplemental Paying Agency Agreement to be made between the parties to the Paying Agency Agreement;

(e) the Refinancing Agreement dated 29th June, 1992 (the "Refinancing Agreement") between the Issuer (1), NHL Finance (Nederland) B.V. (2), Morgan Guaranty (3) and the other financial institutions therein named (4);

(f) draft, subject to completion and amendment, of an agreement between the parties to the Refinancing Agreement and *Samuel Montagu & Co. Limited amending the Refinancing Agreement;*

(g) draft, subject to completion and amendment, of a Reference Agency Agreement to be made between the Issuer (1) and Morgan Guaranty as Reference Agent (2);

(h) the Trust Deed dated 29th June, 1992 between Morgan Guaranty as Security Agent (the "Security Agent") (1), Morgan Guaranty as Facility Agent (2), the Issuer (3) and NHLH as a Chargor (4) setting out the terms of the trust of the security and proceeds of the enforcement of security in favour of, inter alia, the Noteholders created by the following documents (which are also available for inspection):

(i) Debenture dated 29th June, 1992 of the Issuer in favour of the Security Agent;

(ii) Deed of Trust dated 29th June, 1992 of the Issuer in favour of the Security Agent;

(iii) Debenture dated 29th June, 1992 of NHLH in favour of the Security Agent;

(i) the Interim Trust Deed dated 28th July, 1992 made between the Issuer (1) and the Trustee (2) referred to in paragraph (i) of the Extraordinary Resolution;

(j) draft, subject to completion and amendment, of the Inter-creditor Agreement to be made between the Issuer (1), NHL Finance (Nederland) B.V. (2), Morgan Guaranty as Facility Agent (3), Morgan Guaranty as Security Agent (4) and the Trustee (5);

(k) draft, subject to completion and amendment, of a Deed Poll of NHLH in relation to the success fee referred to above;

(l) the audited report and accounts of the Issuer for the year ended 30th September, 1991; and

(m) the interim results (unaudited) of NHLH for the six months ended 31st March, 1992.

In accordance with its normal practice, the Trustee expresses no opinion as to the merits of the proposed modifications (which it was not involved in negotiating) or the Resolution contained in this Notice but has authorised it to be stated that, on the basis of the information contained in this Notice and in the Information Memorandum, it has no objection to the Extraordinary Resolution being submitted to the Noteholders for their consideration.

The attention of Noteholders is particularly drawn to the quorum required for the Meeting and for an adjourned Meeting which is set out in paragraph 2 below. Having regard to such quorum Noteholders are strongly urged to take steps to be represented at the Meeting as referred to below as soon as possible.

VOTING AND QUORUM

1. Entitlement to Vote

A Noteholder wishing to attend and vote at the Meeting in person must produce at the Meeting either the Note(s) or a valid voting certificate or valid voting certificates issued by a Paying Agent relative to the Note(s) in respect of which he wishes to vote. A Noteholder not wishing to attend and vote at the Meeting in person may either deliver his Note(s) or voting certificate(s) to the person whom he wishes to attend on his behalf or give a voting instruction (on a voting instruction form obtainable from the specified office of any of the Paying Agents set out below) instructing a Paying Agent to appoint a proxy to attend and vote at the Meeting in accordance with his instructions.

A person holding Note(s) through Euroclear or Cedel (both as defined below) may, not later than 72 hours before the time appointed for holding the Meeting, request Euroclear or Cedel (as the case may be) to procure the issue of voting certificates or the giving of voting instructions in accordance with the relevant procedures of Euroclear or Cedel (as the case may be). Euroclear or Cedel will hold or deposit the relative Note(s) to the order or under the control of any Paying Agent (to the satisfaction of such Paying Agent) in accordance with the provisions of this paragraph. "Euroclear" means Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear system. "Cedel" means Cedel S.A.

To obtain voting certificates, Note(s) must be:

(i) deposited, before the time appointed for holding the Meeting, with any Paying Agent; or

(ii) held to the order or under the control of any Paying Agent (to the satisfaction of such Paying Agent), before the time appointed for holding the Meeting, by any other person approved by such Paying Agent.

To give voting instructions, Note(s) must be:

(i) deposited, not less than 48 hours before the time appointed for holding the Meeting, with any Paying Agent; or

(ii) held to the order or under the control of any Paying Agent (to the satisfaction of such Paying Agent), not less than 48 hours before the time appointed for holding the Meeting, by any other person approved by such Paying Agent,

together in each case with the voting instruction form referred to above.

Notes so deposited or held will be released at the conclusion of the Meeting (or, if applicable, any adjourned such Meeting) or upon the surrender of the voting certificate(s) to the Paying Agent who issued the same or upon surrender, not less than 48 hours before the time for which the Meeting is convened, of the voting instruction receipt(s) issued in respect thereof to the Paying Agent who issued the same.

2. Quorum

The quorum required at the Meeting for passing the Extraordinary Resolution set out above is two or more persons present holding Notes or voting certificates or being proxies and holding or representing in the aggregate not less than two-thirds of the principal amount of the Notes for the time being outstanding. If within 15 minutes after the time appointed for holding the Meeting the required quorum is not present at the Meeting, the Meeting will be adjourned (for such period, being not less than 14 days nor more than 42 days, and to such place as may be appointed by the Chairman of the Meeting and approved by the Trustee) and the Extraordinary Resolution will be considered at such adjourned Meeting (notice of which will be given to Noteholders). The quorum required at such an adjourned Meeting is two or more persons present holding Notes or voting certificates or being proxies and holding or representing in the aggregate not less than one-third of the principal amount of the Notes for the time being outstanding.

3. Voting

Every question submitted to the Meeting shall be decided in the first instance by a show of hands unless a poll is duly demanded by the Chairman of the Meeting or the Issuer or by two or more persons present holding Notes or voting certificates or being proxies and holding or representing in the aggregate not less than one-fiftieth part of the principal amount of the Notes then outstanding. On a show of hands every person who is present in person and produces a Note or voting certificate or is a proxy shall have one vote. A poll may be demanded before or on the declaration of a show of hands. On a poll, every person who is so present shall have one vote in respect of each U.S.$1 *in principal* amount of the Notes so produced or represented by the voting certificates *so produced or in respect of which he is a proxy.*

4. Majority

To be passed, the Extraordinary Resolution requires a majority in favour consisting of not less than three-fourths of the persons voting thereon upon a show of hands or if a poll is duly demanded then by a majority consisting of not less than three-fourths of the votes given on such poll. If passed, the Extraordinary Resolution will be binding upon all the Noteholders, whether present or not at the Meeting and whether or not voting, and upon all holders of coupons relating to the Notes.

PROCEDURE FOLLOWING THE RESOLUTION BECOMING EFFECTIVE

Under the Terms and Conditions of the Notes as proposed to be modified by the Extraordinary Resolution, the Notes will continue to bear interest at the rate of 8¾ per cent. per annum from 7th July, 1992 until 21st August, 1992. Payment of the interest due on 21st August, 1992 will be made against presentation and surrender or (as the case may be) enfacement of the relevant Notes at any specified *office of any of the Paying Agents.*

With effect from the Effective Date the Note will be represented by a Permanent Global Note in bearer form, without coupons or talons. The Permanent Global Note will be deposited on behalf of the Noteholders with Morgan Guaranty Trust Company of New York, London office, as the Common Depositary for Euroclear and Cedel. With effect from the Effective Date, the original definitive Notes currently in circulation will cease to be valid for any purpose except to evidence entitlement to an interest in the Permanent Global Note, an entitlement to the amendment fee referred to in paragraph (v) (b) of the Extraordinary Resolution, an entitlement to the payment of any repayment of principal due on or prior to the Effective Date (as explained below) and an entitlement to the interest payable on the Notes on or prior to the Effective Date. Holders of the original definitive Notes will need to surrender their Notes to any of the Paying Agents and make arrangements with the relevant Paying Agent (if not already account holders in Euroclear or Cedel) for their interest in the Permanent Global Note to be credited to an account with Euroclear or Cedel before any further payment can be made to them in respect of the Notes (including payment of the amendment fee). Until that time such payments in respect of their entitlements shall be credited to a securities trust account in their favour.

Upon surrender on or after the Effective Date of an original definitive Note at the office of any Paying Agent, the Principal Paying Agent will require Euroclear or Cedel (at the option of the Noteholder) to open an account (if required) in the name of the person specified by the Noteholder or, if no such person is specified or if the person so specified is not qualified to be an account holder in Euroclear or Cedel (as appropriate), in the name of the Principal Paying Agent on behalf of the Noteholder, and to *credit such account with a principal amount of Notes equal to the principal amount* represented by the original definitive Note surrendered by the Noteholder.

Also upon surrender of an original definitive Note payment will be made to the Noteholder of the amendment fee referred to above in the section on Further Details.

The Refinancing Agreement contains a provision to the effect that if any repayment of principal is made to the banks which are parties to the Refinancing Agreement a pro rata amount shall be distributed to Noteholders. Since the date of the Refinancing Agreement a distribution of U.S.$6,383,744.69 has been paid to the Trustee and further *distributions may be made before the Effective Date. Payment of such amount will be made to Noteholders,* pro rata to the principal amount of Notes held, on *21st August,* 1992 (in respect of distributions received by the Trustee before that date) and, if later, on the Effective Date (in respect of distributions received by the Trustee before that date but on or after 21st August, 1992), against presentation and, on the Effective Date, surrender, of original definitive Notes, at the specified office of any Paying Agent. Payment will be made by a U.S. dollar cheque drawn on, or at the option of the Noteholder by transfer to a U.S. dollar account maintained by the payee with, a bank in *New York City.*

The Noteholders will be notified by publication in the Financial Times or another leading English language daily newspaper published in London of the result of voting on the Extraordinary Resolution within 14 days of such result being known, but may contact the Principal Paying Agent at any time following the conclusion of the Meeting for the purpose of ascertaining whether or not the Resolution was passed at the Meeting.

PRINCIPAL PAYING AGENT
Commerzbank Aktiengesellschaft
Neue Mainzer Strasse 32-36
6000 Frankfurt/Main 1

PAYING AGENTS

Commerzbank Aktiengesellschaft
Brussels Branch
Avenue des Arts 19H
1040 Brussels

Commerzbank Aktiengesellschaft
London Branch
10/11 Austin Friars
London EC2N 2HE

Commerzbank International S.A.
11, rue Notre Dame
2240 Luxembourg

Commerzbank (Switzerland) Ltd
Lintheschergasse 7
CH 8001 Zurich

REGISTERED OFFICE
St Catherine's Court
Herbert Road, Solihull
West Midlands B91 3QE

By order of the Board of Directors of The National Home Loans Corporation plc
Mrs P.J.R. Hall, Secretary

Dated 29th July, 1992

THIS NOTICE IS IMPORTANT. IF NOTEHOLDERS ARE IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE IN RESPECT OF ANY ASPECT OF THIS NOTICE THEY SHOULD CONSULT THEIR STOCKBROKER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER DULY AUTHORISED UNDER THE FINANCIAL SERVICES ACT 1986 WITHOUT DELAY.

COMPANY NEWS: UK

Fitch shares suspended as refinancing talks begin

By Peggy Hollinger

SHARES IN Fitch, the loss-making design consultant which expanded rapidly in the image conscious 1980s, were suspended at 41p yesterday as the group announced it was in talks with its bankers on a refinancing.

The company, which in April reported a pre-tax loss of £417,000 for 1991, said its shares had been temporarily suspended "pending clarification of the company's financial position".

Mr Rodney Fitch, chairman, said the group was not in breach of its banking convenants. Fitch hoped to make an announcement about a capital restructuring within the next few weeks, he added.

A possible deal would include a capital injection from a third party, which was not a financial institution. The final form of a refinancing and the amount of cash injected depended on how the company's two London properties were treated, he said.

Fitch carries some £7.5m of debt and gearing of about 260 per cent, largely due to the move to its King's Cross headquarters. The building cost £13.6m to build, but is valued in Fitch's books at just £6.75m. The company has also had difficulty in shedding its former base in Soho, which remained largely unlet, said Mr Fitch. A capital injection could come in exchange for the sale of a building, while another possibility was a *debt-for-equity* swap.

Mr Fitch said the refinancing had been an "internally generated reconstruction" to deal with the dual pressures of the economic downturn and the properties' drain on resources.

"We are talking about a financial restructuring," he said. "We are not talking about a reconstruction of Fitch." The chairman said that business remained difficult. It was not likely that the company would resume dividend *payments in the immediate* future, he added.

Competition hits YRM and Aukett Associates

By Andrew Taylor, Construction Correspondent

THE SHARE price of Aukett Associates yesterday fell from 9½p to 4p after the architect announced that it had incurred a loss of £1.16m during the six months to the end of March.

This compared with a profit of £740,000 during the corresponding period last year.

The company said it would not be paying an interim dividend, against 1.25p.

YRM, another quoted architect, also saw its share price slip yesterday – from 55p to 53p – after revealing a 31 per cent fall in pre-tax profits to £1.37m over the year to the end of April.

Turnover fell by 16.9 per cent, from £23.6m to £19.6m.

The final dividend is cut to 2.35p (3.35p) making a total of 4p (5p), covered 1.4 times by earnings per share, which fell from 9.35p to 5.78p.

YRM and Aukett both said increased competition for work in the recession-hit UK construction market had led to a sharp reduction in fees, only partially offset by increased earnings from continental Europe.

Tim Poulson, YRM chief executive: sharp cut in fees

Aukett's turnover during the first half of its financial year fell by 36 per cent to £5.3m (£8.35m).

Mr Gerry Deighton, chairman, said fees had fallen faster *than the company could cut* overheads, resulting in losses.

Aukett also made an exceptional provision of £788,000 to cover redundancy costs and property write-downs, which increased the pre-tax deficit.

At the operating level it made a loss of £369,000 (£770,000 profit).

Mr Deighton expected a return to operating profit for the final three months of the financial year, although the company would make a loss for the year overall as the effects *of cutbacks* and redundancies began to work through.

Losses per share at halfway were 7.31p (3.42p profit).

The group's most pressing problem is to reduce borrowings. Net debt of £2.9m at the end of the previous *financial* year had risen to £3.2m – more than double shareholders funds of £1.25m.

Mr Richard Warner, finance director, stressed that the company was operating within its *loan covenants and* had the full support of its bankers.

With gearing of only 9 per cent, YRM is in a much stronger position.

Mr Tim Poulson, chief executive, said that despite difficult trading conditions in the UK the company had recently won some important commissions.

By the end of the year it expected to be generating about 20 per cent of its work in continental Europe, where it had established offices in Paris and Berlin.

Ashtead declines to £2.27m despite maintaining volumes

By Peter Pearse

WITHIN THE context of the declining construction market, Ashtead Group saw pre-tax profits shrink from £4.01m to £2.27m in the year to April 30.

However, the equipment rental company maintained its *final dividend at 3.025p for an* unchanged total of 4.125p, and insisted that it had not been necessary to "adopt a short-term siege mentality".

The shares, however, dropped 18p to 120p.

Both *Mr Peter Lewis,* chairman, and Mr George Burnett, managing director, said they were proud of the strength of the balance sheet.

At the same time they were aware of the need to avoid complacency in a sector which has seen more than 200 plant hire outlets close in the year.

Pricing, said Mr Burnett, had fallen by between 25 per cent and 30 per cent in the past three years, especially in the hard hit south-east of England.

Volumes had held up and there had been some gain in market share as other companies had gone to the wall.

Mr Lewis said, however, that the company had avoided the pursuit of turnover for its own sake.

"This year we've walked away from more business than we've ever done," said Mr Burnett.

Ashtead had withdrawn, at the end of 1991, from an acquisition which would have made it "the largest player at one bound". Having stalked the loss-making target, "a significant subsidiary of a larger parent", for three years, it was put off the deal simply by external economic conditions.

"We needed some help from the market place and there wasn't any," said Mr Lewis.

He added that none of Ashtead's quoted rivals have made substantial acquisitions. The due diligence costs of £65,000 were taken as an exceptional charge.

As a result, proceeds of April 1991's £5.8m rights issue reduced borrowings to £8.51m (£14.1m) giving gearing of 43 per cent (72 per cent).

The strength of the balance sheet allowed the company to spend £7.8m (£8.5m) on capital expenditure.

Group *turnover slipped to* £30.8m (£31.4m) and operating profits to £3.45m (£5.91m). The interest charge fell to £1.12m (£1.9m).

Earnings declined to 7.2p (13.9p) per share.

Chrysalis wins Olympics deal with airlines

By Raymond Snoddy

Chrysalis, the music publishing, communications and media group, has won its first in-flight entertainment contract – providing highlights of the Barcelona Olympics to airlines.

Fifteen leading airlines, *including British Airways,* Lufthansa, Singapore and Qantas, are taking a daily 15-minute highlights package delivered by satellite.

Chrysalis, which has been attempting to build up its television *interests, bought* the in-flight rights outside the US from the International Olympic Committee.

Coverage is provided by TVE, the host broadcaster, by 1am and is then edited and scripted by 5am.

The completed package is distributed to airline offices by the Eutelsat organisation, in most cases in time to be carried on early morning flights.

Airlines pay a flat $6,000 *(£3,150) for the coverage* but most of the revenue comes from advertising and sponsorship by Olympic sponsors such as Coca Cola or Panasonic.

Mr Niall McBain, head of special projects at Chrysalis *Television,* hoped that the deal would lead to in-flight coverage of other events.

Chrysalis is also hoping to enter the larger market of operating and packaging programmes for the new six-channel choice *television systems* being installed by airlines.

The company, which is developing plans for a games channel on cable television, also has bought the UK home video rights for the Barcelona Olympics.

BOARD MEETINGS

TODAY

Interims- Finsbury Smaller Companies Trust, Lasmo, Lloyds Abbey Life, Sphere Inv Trust, Telegraph, Updown Investment.

Finals- Colorvision, Mleys, Smith (David S)

FUTURE DATES

Interims-	
Abbey National	Aug. 3
Admiral	Aug 4
Anglo & Overseas Trust	Aug. 6
BBA	Aug 3
Bedford (Wm)	Aug. 18
Freeman	July 30
Hotspur Inv	July 30
Kleinwort Overseas Inv	Aug. 11
Law Debenture	Aug. 4
Lilleshall	Aug. 3
Rentokil	Aug. 20
Suter	Sep. 7
T&N	Sep. 3
Travis Perkins	Sep. 23
Yeoman Inv Trust	July 31
Finals-	
Barrow Hepburn	July 31
Beales Hunter	Aug. 5
Bellwinch	Aug. 20
Benson	Aug. 3
Brandon Hire	Aug. 12
Haynes Publishing	Sep. 7
Heath (Samuel)	Aug. 17
Jersey Phoenix Trust	July 30
Kleinwort High Income	Aug 4
Renmore	Aug. 11
Saville (J) Gordon	July 30

COMPANY NEWS: UK

Capita advances 28% to £1.77m

By Andrew Bolger

CAPITA GROUP, which supplies computer and management services to the public sector, said it was poised to benefit from the prime minister's declared policy of subjecting more central government activities to the discipline of the market.

The group reported a 28 per cent increase to £1.77m in pre-tax profits for the six months to June 30 on turnover of £13.7m, a rise of 24 per cent. About two thirds of the profits growth came from acquisitions, with the rest organic.

Mr Rod Aldridge, chairman and chief executive, said the best performance came from the facilities management division, which supplies computer, managed and property services, but the consultancy and marketing services divisions both showed a downturn in difficult trading conditions.

The facilities management division increased trading profits from £586,000 to £1.07m on turnover of £7.08m (£3.91m). At June 30 the division's forward projected income stood at £64m (£38m).

Mr Aldridge said Telecom Capita, its computer services subsidiary, had invested heavily to become a market leader in providing computer services to local government over the next 24 months.

The division's managed service companies secured 27 contracts for its computerised revenue collection service. Capita has also become the first company to take responsibility for managing the entire revenue function of a local authority – East Cambridgeshire District Council. The group believes this contract, worth £3.5m over five years, will be the first of many.

The consultancy division saw trading profits fall from £544,000 to £466,000 on turnover of £4.85m (£4.93m). Capita Corporate Finance performed strongly, advising on local authority buy-outs, and the result of the election had further enhanced its prospects.

Management consultancy had performed below expectations, but Mr Aldridge said he was confident a thriving business could be developed and the senior management team would be strengthened following the recent appointment of a new managing director.

Trading profits of the marketing division fell to £237,000 (£252,000) on turnover of £1.8m (£2.27m). The group said that while the market continued to be rough, it had secured several new clients.

Capita had bank balances of £7.6m, despite outgoings of £1.6m on acquisitions and capital expenditure. The group said its strong balance sheet was a useful selling point with local authorities, since it provided reassurance that it would be able to complete long-term contracts.

Earnings per share rose by 7 per cent to 7.6p. The interim dividend is raised to 2.1p (1.8p) and a final dividend of 4.2p (3.6p) is forecast giving a total for the year of 6.3p, a rise of 17 per cent.

Trevor Humphries

Rod Aldridge (left) with Paul Pindar, group managing director: poised to benefit from government policies

NEWS DIGEST

Brown & Jackson in the black

BROWN & JACKSON, which operates the Poundstretcher discount stores, returned to profits at the interim stage after suffering losses of £14.9m for the previous nine month period.

Pre-tax profits for the six months to March 31 amounted to £1.75m on sales of £106.3m. The dividend is passed, as indicated at the time of the capital reconstruction. Earnings per share were 0.5p.

The result was not comparable with the last year's interim because the the financial year has been changed to December 31.

The group will next announce results for the nine months to June 30. The year end figures will be for the 15 months to December 31.

Mr Ian Grey, chief executive, warned against reading too much into the current results. Historically, three out of the four quarters produce a loss.

Poundstretcher's March quarter sales represented a like for like decline of 8 per cent over the previous period.

Earlier this year the group raised £15.6m through a placing and open offer and disposed of both Advanced Technology Industries and A & G Imports.

Temple Bar net asset value ahead

Temple Bar Investment Trust had a net asset value of 281.14p at June 30, against 277.59p a year earlier and 269.81p at its December 31 year end.

Net profits for the half year

improved to £4.38m (£4.15m) for earnings per share of 7.642p (7.248p). The interim dividend is unchanged at 4.5p and directors expect to maintain the total at 13p.

Mitie achieves 47% rise to £1.8m

Mitie Group, the building services company, achieved a 47 per cent increase to £1.8m in pre-tax profit for the year ended March 31. Turnover leapt 60 per cent to £52.3m.

Trident Maintenance Services, the Scottish painting company acquired in January, exceeded warranted profits, Mr David Telling, chairman, said.

A higher tax charge of £637,000 (£275,000) meant that earnings per share were up by only 4.5 per cent to 11.6p (11.1p).

A recommended final dividend of 1.5p makes a total of 2.75p (2p).

Reorganisation costs hit Eliza Tinsley

Reduced pre-tax profits of £510,000 were reported by Eliza Tinsley Group, the USM-quoted hardware products company, for the year to March 31. Profits last time were £830,000.

Turnover edged ahead to £15.7m (£15.3m), generating operating profits of £1.01m (£970,000).

The pre-tax result was after exceptional reorganisation and redundancy costs of £342,000 as a result of integrating the distribution activities of Griffin with those of Eliza Tinsley and transferring the manufacturing activities carried out at Reddal Hill Road to JT Parkes.

Mr Edward Jeynes, chairman, said he expected benefits of the reorganisation to start coming through in the current year.

An unchanged final dividend of 3.4p is proposed for a maintained 5.2p total. Earnings per share dropped to 4.72p (8.02p).

Hadleigh Industries falls £1.15m into red

Hadleigh Industries Group, the USM-quoted industrial holding company, ended the year to March 31 with a pre-tax loss of £1.15m.

This compares with a profit of £1.77m last time and comes from turnover down from £34.4m to £29.5m.

The result reflected an unsettled year for the company – the accounts for the first half were restated and some principal board members were replaced. Of this year's loss some £400,000 represented property revaluations, exceptional items and provisions for reorganisation costs.

The company said gearing had been reduced from 85 per cent to 70 per cent during the year and steps had been taken to dispose of all investment properties.

Losses per share came out at 8.7p (17.2p earnings). There is no final dividend so the total for the year is 1.25p (6.5p).

Murray Smaller net asset value at 295.3p

Murray Smaller Markets Trust reported net asset value increased from 276.1p to 295.3p over the 12 months to May 31.

The year was marked by a reduction in exposure to North America and profit taking in Hong Kong. Investments in Singapore/Malaysia and Australia were increased and the Pacific region remains the main investment area.

Net revenue was £2.57m (£2.93m) for earnings of 4.62p (5.27p) or 4.59p (5.23p) allowing for full conversion of B shares. The proposed final dividend is 2.75p for a total of 4p (3.75p). An interim of 1.35p (1.2p) is declared for the present year.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales

½ hour period ending	Provisional Price for Trading on [illegible]: Pool purchase price £/MWh	Final Prices for Trading on [illegible]: Pool purchase price £/MWh	Pool selling price £/MWh
0030	17.76	17.70	17.70
0100	17.76	17.70	17.70
0130	17.76	17.70	17.70
0200	17.76	17.65	17.65
0230	17.76	17.65	17.65
0300	17.76	17.65	17.65
0330	17.76	17.65	17.65
0400	17.76	17.65	17.65
0430	17.76	17.65	17.65
0500	17.76	17.65	17.65
0530	17.58	17.64	17.64
0600	17.58	17.65	17.65
0630	17.76	20.20	22.20
0700	20.31	21.89	24.08
0730	21.46	21.77	23.81
0800	23.78	24.58	26.70
0830	24.58	28.01	30.19
0900	25.77	28.02	30.19
0930	27.02	28.04	30.19
1000	27.02	28.05	30.15
1030	27.02	28.06	30.15
1100	27.02	26.81	28.88
1130	27.02	28.09	30.20
1200	27.02	28.12	30.23
1230	27.02	28.10	30.21
1300	27.02	28.07	30.16
1330	25.92	26.78	28.83
1400	25.92	26.08	28.11
1430	25.67	25.88	27.81
1500	25.92	25.88	27.81
1530	25.92	25.43	27.45
1600	25.92	25.44	27.46
1630	25.92	28.04	30.11
1700	25.92	28.04	30.11
1730	25.92	28.03	30.10
1800	25.92	28.01	30.10
1830	24.78	25.25	27.30
1900	24.17	24.68	26.74
1930	23.18	24.58	26.65
2000	21.92	24.58	26.66
2030	17.80	22.74	24.77
2100	18.75	24.58	26.67
2130	23.12	24.58	26.67
2200	27.99	28.00	30.14
2230	27.99	41.00	43.49
2300	21.35	41.00	43.66
2330	21.46	22.86	24.72
2400	20.35	17.90	17.90

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.85/MWh becomes 1.885p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreement which governs the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by NGC Settlements Limited. Anyone wishing to receive such information should telephone [illegible] between [illegible] Monday to Friday.
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A more compact product in a crowded market

Michiyo Nakamoto looks at the future direction of Amstrad in the wake of a difficult week

THE SUCCESSION of disturbing news last week from Amstrad, the UK computer and electronics group, left the distinct impression of a company in turmoil.

On Wednesday, Mr Ken Ashcroft, Amstrad's corporate finance director, resigned from the group's board to join Betacom, a telephone equipment distributor 71 per cent owned by Amstrad.

That news was followed by a profits warning on Thursday and the sudden resignation of Mr Peter Thoms, group finance director, the next day.

Amstrad's share price has duly fallen to 26p against cash balances which equate to 20p a share. "It really puts a derisory value on the business," says Mr Evan Miller at Shearson Lehman Hutton Securities.

The sudden departure of two finance directors within days would have been alarming news from any company at any time. But coming from a company that faces the challenges Amstrad does it could not have failed to raise serious questions about the future of the UK group.

There is no question yet about whether Amstrad has a future.

While the group now expects the loss for the year to June 30 to be £65m, or £25m more than previously estimated, and the outlook for its markets in electronic products does not look particularly bright, Mr Alan Sugar, its founder and chairman, has managed the balance sheet effectively, and raised the group's cash from about £60m a year ago to £100m.

Amstrad has also managed to win markets with its lower-priced fax machines and double decker video cassette recorders and has an established reputation in the satellite dish market.

It has a number of new products lined up, based on the bright market ideas that are its hallmark, such as a user friendly personal organiser/word processor, a combined but compact telephone/fax machine and a consumer videophone.

But the question that keeps cropping up, as Amstrad has found its revenue bases eroded one by one by slow demand, tumbling prices and intensified competition from larger concerns, is where the group is going from here.

One suggestion is that Amstrad is shrinking to a size more appropriate to the role it can play in the industry.

The recent resignations seen against the fall in the company's sales base from a peak of about £625m three years ago to about £300m, has prompted Mr Paul Norris at BZW to ask whether Mr Sugar is not already "restructuring the infrastructure of the business to smaller proportions, to a size similar to what it was when he was younger."

It would not be surprising if that were the case.

Amstrad has grown by providing markets with consumer products based on bright ideas at low prices.

That strategy is now under question as the sharp fall in prices in its main market and the slump in others have hurt.

Doubt is mounting about whether a group that has grown by bringing low-priced but quality products to fill a gap in the market has a place in the rapidly-changing electronics world of today.

For example, it is increasingly difficult to see Amstrad succeeding in the PC market, which contributed 54 per cent of turnover last year, on the basis of low prices when prices are falling in the market virtually across the board and market leaders such as IBM and Compaq have been affected enough to launch their own lower-priced PCs.

"Trying to be a low-cost supplier in this market is suicidal," says Mr Miller. "They are a gnat in the PC market compared to the elephants that are the Japanese and US players which are becoming increasingly aggressive in the European market. The nature of the competition is such that it is difficult to be optimistic."

Meanwhile, the bright product ideas that Amstrad has come up with to attract consumer demand, are not considered innovative enough to produce the large consumer hits that it desperately needs.

The Notepad, a new user-friendly portable PC that performs the functions of a personal organiser, calculator and word processor may address an untapped market of computer-illiterate consumers but it is a concept that has been seen on the market before.

The videophone, which is another potential hit, given that price will be a decisive factor for the home market, is dogged by the lack of an international standard for the kind of videophones based on analogue technology that Amstrad is launching.

Amstrad could soon find itself in the middle of a standards war, or worse yet, on the losing side.

Another pitfall in its bright ideas strategy is perhaps the fact that any feature added to a product soon becomes taken for granted by consumers and loses its added-value appeal.

But the greatest problem may be that Amstrad's markets are simply overcrowded.

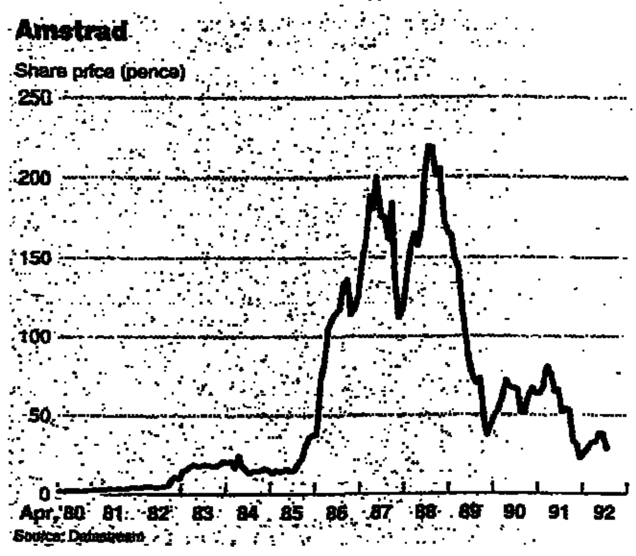
Even the telecoms market, which the group is targeting, is not likely to be as smooth going as Amstrad would like.

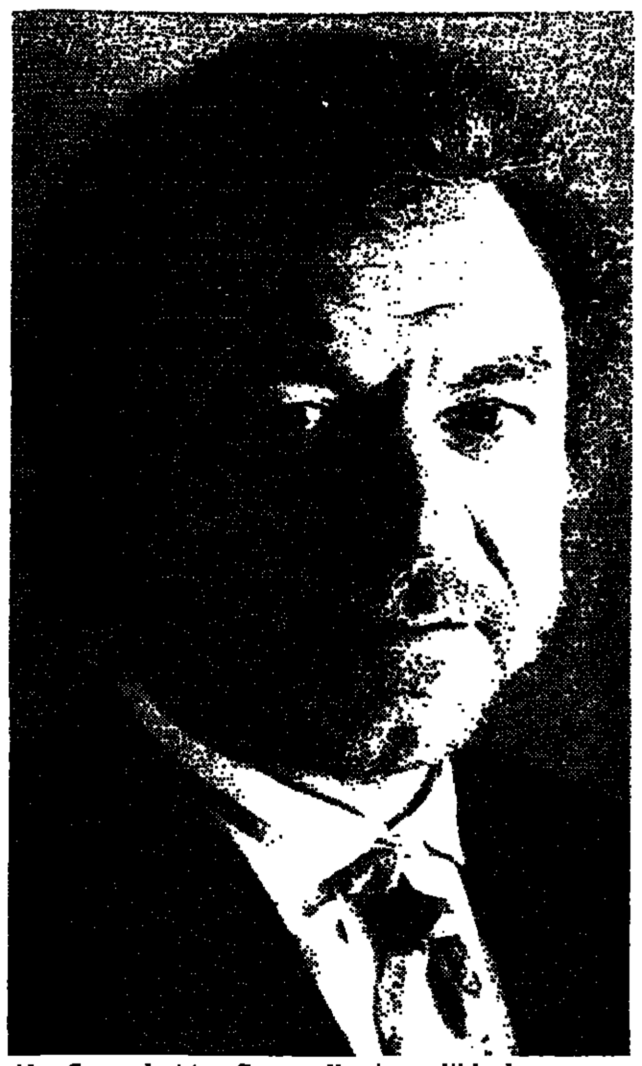
Mr Sugar, who has bright visions for Amstrad's telecoms business, expects telecommunications-related businesses to comprise as much as 30 to 40 per cent of total sales in two to three years' time.

Amstrad is not, however, alone in identifying the telecoms market as a growth business. "If the PC market is crowded the telephone equipment market is inundated," says Mr Miller.

If Mr Sugar is indeed slimming down the business it may be that several years from now Amstrad will be a smaller but profitable business.

But judging from the recent performance of Amstrad's share price few people it seems are as yet willing to bet on that.




Alan Sugar: lost two finance directors within days

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
Allied Textile ......int	4.5	Sept 30	4.4	-	12.3
Ashtead ......fin	3.025	Oct 7	3.025	4.125	4.125
Aukett Assocs ......int	nil	-	1.25	-	1.75
Brown & Jackson ......int	nil	-	0.1	-	0.1
Cape ......int	2.1	Oct 7	1.8	-	5.4
Greene King ......fin	8.1	Aug 27	7.5	11.6	10.8
Hadleigh Inds § ......fin	nil	-	4.3	1.25	6.5
Mitie ......fin	1.5†	Oct 2	1	2.75	2
Murray Smaller ......fin	2.75	Sept 23	2.55	4	3.75
Murray Smaller ......int	1.35	Jan 6	1.2	-	4
Shadwick ......int	nil	-	1.8	-	3.54‡
Temple Bar ......int	4.5	Sept 30	4.5	-	13
Tinsley (Eliza)§ ......fin	3.4	Oct 1	3.4	5.2	5.2
YRM ......fin	2.35	Oct 16	3.35	4	5

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. ‡For 15 months.

COMMODITIES AND AGRICULTURE

Coffee prices fall as warm Brazil chills the market

By Richard Mooney in London and Barbara Durr in Chicago

A SECOND set of negotiations on a new market-stabilising international coffee agreement, being held this week in London, should serve to clear the ground for the September council of the International Coffee Organisation, delegates said, reports Reuter. "I believe the fact people are prepared to come here is very meaningful. It would be cynical to attend if we do nothing at all," said Mr Valdemar Carneiro Leao, a spokesman for coffee producers and Brazil's London ICO representative.

COFFEE PRICES fell again on the London Futures and Options Exchange yesterday as the absence of frost in Brazilian growing areas continued to chill market sentiment.

The September position, which on Monday had added $23 to last week's $29 fall, dipped another $25 to $705 a tonne shortly after the opening. But it rallied later to end the day only $7 down at $723 a tonne.

At New York's Coffee, Sugar & Cocoa Exchange, the prompt September coffee price, which had tumbled four cents a lb on Monday, slipped another 10 cents in early trading to 56 cents a lb. It then managed a small recovery to 56.60 cents late in the morning before edging back to 56.10 cents a lb in mid-afternoon.

New York traders had expected a large sell-off in London, in response to the overnight sell-off in their own market. When that did not occur it helped steady the CSCE market.

Also, the trade came back in with a little support. But analysts did not expect prices to recover much and some thought they would soon move lower.

With too much production and too little demand "nothing fundamental is supporting this market", according to Ms Melissa Trout, coffee analyst with Cargill Investor Services.

Ms Trout said that unless production was curbed the picture would continue to be bleak.

The general drift lower for coffee had been held off last week in the New York market because some traders hoped that cold weather in Brazil might hurt some of the crop there. But when the cold snap did not materialise prices fell.

The prospect of some crop damage in Brazil "encouraged traders not to sell as much as they should have," according to Ms Judith Ganes, coffee analyst at Merrill Lynch. She believes prices could dip to 50 cents per pound and foresees "no bounce, not in the short term".

Contributing to the market's sourness is the lack of progress on a new International Coffee Agreement.

EC wheat stock now exceeds that of US

By Nancy Dunne in Washington

THE EUROPEAN Community has overtaken the US to become the world's "residual" wheat supplier this year, according to the US Department of Agriculture.

For the first time in recent memory, wheat stocks held by the community exceed those held by the US government. Traders attribute the reversal to reduced US crops in the past few years because of poor weather and continued bountiful harvests in the EC.

Community wheat production for 1992-93 has expanded, in terms of both acreage planted and yields, according to the USDA. Output is projected at 90.1m tonnes, slightly above last year's. US wheat production is running well ahead of last year's poor crop – 59.5m tonnes is projected – but it is still below earlier expectations.

While the US has been steadily subsiding wheat exports through the Export Enhancement Program, EC export restitutions have been reduced. USDA officials say they do not know why the EC has slowed its export subsidies, but believe it to be related to world trade talks.

Even while American traders are taking note of slower EC exports, US sales overseas have been brisk. Some of this has been attributed to election-year assistance. US Wheat Associates, a market promotion group, recently noted in its newsletter that congressmen and senators are preparing to face their farmer constituents in the autumn campaign.

"Administration and other government agencies involved in export decisions may be getting added pressure from legislators regarding the past months' wheat export initiatives," it said.

There is widespread speculation that the administration may have other good news for US farmers before the election. According to Ms Kai Mander, of the Institute for Agriculture and Trade Policy in Minnesota, these actions could include: retaliation against the EC over disagreements surrounding US maize gluten feed shipments to Europe; USDA plans to spend $1bn of Export Enhancement Program (export subsidy) funds in October to "empty the bins" and drive up cash farm prices; a delay in the Uruguay Round talks until next year and a proposal to agree a two year extension of the Multi-Fibre Agreement.

Algerian gas poised for blast off

Francis Ghiles explains how capacity may yet rise to meet demand

THE RUSH of international oil companies signing exploration deals with Sonatrach could not have come at a better time for Algeria's state hydrocarbons monopoly. So high is the chance of any company finding gas rather than oil that it was only recently, when exploration terms for gas were improved to an acceptable level, that major oil companies decided the risk was worth taking.

Sonatrach is faced with demands for gas beyond its present capacity. In the words of a senior Sonatrach executive: "We are sold out, but people are asking for more".

The new hydrocarbons law passed last December was the personal achievement of Mr Nordine Ait Laoussine, the former Minister of Energy, who has now left the government. The exploration companies, which have yet to spend any money as a result of their new licences, will no doubt want to be reassured that Mr Laoussine's policies will be endorsed by Mr Hassan Mufti, the recently appointed minister of energy, and by Mr Belaid Abdesslam, the new prime minister.

Nor is the political uncertainty limited to cabinet level. The blowing up of the telephone cable linking the eastern town of Constantine to Algeria's second most important oil and gas terminal at Skikda could be an ominous event for the country's energy revenues. The damaging of gas pipelines and facilities by Islamic dissidents would be significantly more costly.

Over the past 12 months Sonatrach has signed exploration agreements with Occidental Petroleum, Total, Arco, Mobil, BP and Phillips Petroleum. Apart from the political factor – and this is the big conditional – nearly everything else about Algeria is attractive.

Conditions have changed for the better on two fronts simultaneously. Algerian terms for exploration have become more rewarding for gas and external demand for Algerian gas has grown beyond Sonatrach's current ability to supply it. Companies searching for oil and finding gas now have a realistic chance of getting a return on their exploration investment. As a result some companies might be willing specifically to look for gas.

Algerian Gas Export Commitments and Possibilities (bilion cubic metres a year)

Buyer	LNG now firm	LNG possible 1995	Pipeline firm 1995	Pipeline possible 1997
Gaz de France	10.4	10.4		6-7
Enagas	3.8	3.8		
Distrigaz (Belgium)	4.5	4.5		
Distrigas (US)	1.25	1.3		
Trunkline (US)	1.0			
Shell Cove Point (US)	1.8			
Botas (Turkey)	2.0	3-4		
DEPA (Greece)	0.7	0.7		
Portugal		2.0		
Italy		1.4-3	25.25	26-29
Germany		4-5		
Slovenia			0.6	1.0
Tunisia			0.5	1.0
Morocco				1.0
Others		3-9		
Total	25.89	34.1-44	26.35	35.5-39.5

Source: Gas Matters

Another dimension of the new law is that it creates investment opportunities for foreign companies able to enhance production from Algeria's existing oil and gas fields. Rates of recovery had fallen below 20 per cent because Sonatrach lacked the same degree of international experience gained by global operators. Like many countries in the 1970s Algeria's drive to assert its own sovereignty over all oil and gas production excluded it from the advanced technology that less closed third world countries such as Indonesia were able to enjoy.

Since the departure of the hardline Mr Belkacem Nabi, successive Algerian oil ministers have increasingly recognised the mutual benefit to be gained from working together with international oil companies and sharing the benefits of their combined resources.

Sonatrach is also lucky in one other respect. Mr James Ball, director of Gas Matters, points out that in a world where greenfield liquefied natural gas projects cost $4bn for a couple of trains of LNG able to produce 5bn cubic metres of gas a year, the prospect of increasing capacity by 10bn cu m a year for half this outlay "must be as frightening to competitors as it is comforting to potential customers".

Through a renovation and upgrading project being carried out by the same three companies that built the LNG plants in the late 1960s and 1970s, M.W.Kellogg and Bechtel of the US and Sofregaz of France will increase capacity at LNG plants in Arzew and Skikda from 19bn cu m to 32bn cu m a year.

Meanwhile, the capacity of the nine-year-old trans-Mediterranean pipeline which bring gas to the Italian mainland through Tunisia and the Straits of Sicily is being doubled. After the work is completed in 1995, Sonatrach is set to double its exports to Italy to 26bn cu m a year by the turn of the century. Further sales to traditional Italian clients such as Snam, the state gas pipeline company, and the more recent customer Enel, the state electricity generating authority, could push the figure up to 30bn cu m a year by the year 2000.

Italy is the most exciting but not the only market. Agreements have already been signed to supply LNG to Turkey and Greece, while newcomers such as Portugal and Germany have expressed interest in buying Algerian gas. The collapse of the US market for LNG will free some extra supply for such customers and potential central European buyers.

Exports to Spain are also set to increase and supplies are to reach Morocco for the first time. Spain, a long established buyer of Algerian LNG, recently committed itself to continuing imports at the current level once the gas pipeline scheduled to be built through Morocco and across the Straits of Gibraltar is completed. It is to supply Spain with 6bn-7bn cu m a year from 1997. The dramatic rise in Spain's gas requirement is largely driven by a policy decision to freeze the nuclear programme in favour of gas-fired power. A further 1bn cu m will be bought by Morocco.

In addition to traditional oil and gas sales, a significant number of spin-offs have produced new joint venture opportunities.

One of the first such ventures, formed after the shift in Algerian investment policy began, was that between L'Air Liquide, Air Products and Sonatrach to extract helium from the gas stream going into the LNG plants.

A much larger joint venture is the expansion of liquid petroleum gas export facilities at Arzew. It encompasses the expansion of the existing "Jumbo" LPG plant and the increasing of production as a result of an upstream field enhancement project in which Total is playing a key role.

The political uncertainty which besets Algeria today comes at a most inopportune time for its gas industry. Its major competitor in European gas markets was the Soviet Union, which in its new fragmented state, is not the most reassuring and attractive prospect to western buyers.

It is beset by political and commercial problems that could raise far greater obstacles than those faced and threatened in Algeria. Europe's other major gas suppliers Norway and the Netherlands are not aggressively selling. The only impediment to Algeria climbing through the window of opportunity would now appear to be one of Algerian making.

German take-over of Izok Lake

By Robert Gibbens in Montreal

METALL Mining, a 67 per cent-Canadian subsidiary of Germany's Metallgesellschaft, is buying control of Minnova, one of the Noranda group's mining units, for C$136.6m ($113.80m) cash.

Metall's main objective is Minnova's Izok Lake high-grade base metals-silver property in the Northwest Territories.

Development is estimated to cost about C$350m at current prices and the mine is scheduled to be on stream in 1997.

"Izok Lake would be one of Canada's biggest base metals mines if it were operating today," said Klaus Zeitler, Metall president.

"We have increased the reserve significantly this year. The 4,000-mile shipping route to Europe is open five months a year and the western route to Japan is more encouraging than we thought."

Metall already owns 40 per cent of Izok Lake with Minnova owning the rest.

Metall is buying the 50.4 per cent interest held in Minnova by Kerr Addison Mines, a Noranda unit.

Izok Lake lies 360 km (225 miles) north-east of Yellowknife, the Northwest Territories' capital, and 240 km south of Coppermines on the Arctic coast, where a port will be built.

The ore body lies under the lake, which would be pumped out, allowing an open-pit mine to be developed with a mill. The concentrates will be shipped to the port by winter road and then moved out to Europe or Japan by ice-strengthened ships during the five-month season.

In April, Minnova reported 13.4m tonnes of ore with average grade of 3.2 per cent copper, 14.47 per cent zinc, 1.3 per cent lead, and 74 grammes of silver per tonne.

Mr Zeitler said that open drilling has increased reserves by 2m tonnes. Only about one-third of the anomaly has been drilled. The full feasibility study will be done next year for a low-cost long-term mining project.

"Once we get the infrastructure in place, we can help develop 23 other smaller potential base metals and gold properties in the area," he added.

"Environmental studies are underway and two existing Canadian Arctic mines have shown that underwater tailings disposal is feasible."

Metall owns 14 per cent of Teck and 14 per cent of MIM Holdings of Australia, which together control Cominco.

Higher European sugar production estimated

SUGAR PRODUCTION looks set to rise this year in both eastern and western Europe, F.O. Licht, the influential German sugar statistics agency, said in comments accompanying its third estimate of 1992 European sugar beet plantings, reports Reuter from Ratzeburg.

It increased its estimate for the eastern European sugar area to 3.99m hectares (9.8m acres) from a previous forecast of 3.73m ha. The area remains slightly below last year's 4.06m ha, however.

"When it is recalled that last season yields were extremely low it can be appreciated that sugar output could substantially exceed last season's figures and lead to an eastern European output more than 1m tonnes higher," Licht said.

On the basis of average yields for the last five seasons Licht projected that western European output would rise by about 2m tonnes. But weather conditions suggested, however, that the projection could well be exceed.

The area under sugar in western Europe was put at 2.66m ha, unchanged from the last estimate issued in April and only marginally below 1991 plantings on 2.67m ha.

The total 1992 European area was put at 6.65m ha, up from a previous forecast of 6.3m ha but down from 6.75m ha in 1991.

MINOR METALS PRICES

Prices from Metal Bulletin (last week's in brackets).

ANTIMONY: European free market 99.6 per cent, $ per tonne, in warehouse, 1,715-1,745 (same).

BISMUTH: European free market, min. 99.99 per cent, $ per lb, tonne lots in warehouse, 2.30-2.60 (same).

CADMIUM: European free market, min. 99.5 per cent, $ per lb, in warehouse, 0.75-0.95 (same).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 20.50-22.50 (22.00-23.50).

MERCURY: European free market, min. 99.99 per cent, $ per 76 lb flask, in warehouse, 140-160 (same).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 2.35-2.40 (same).

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, 4.80-5.50.

TUNGSTEN ORE: European free market, standard min. 65 per cent, $ per tonne unit (10 kg) WO_3, cif, 53-62 (same).

VANADIUM: European free market, min. 98 per cent, $ a lb V_2O_5, cif, 2.00-2.15 (same).

URANIUM: Nuexco exchange value, $ per lb, U_3O_8, 7.75 (same).

LME WAREHOUSE STOCKS (As at Monday's close) tonnes

Aluminium	+3,250	to 1,324,800
Copper	−2,425	to 253,550
Lead	+975	to 148,175
Nickel	+2,274	to 29,910
Zinc	−375	to 339,100
Tin	−85	to 14,570

WORLD COMMODITIES PRICES

MARKET REPORT

A SHARPISH fall in **ALUMINIUM** prices was the main feature of a quiet day the London Metal Exchange. The cash price reversed the uptrend of the two preceding trading days to close $17.50 down at $1,327.50 a tonne in a follow-through to a technically weak close on Monday. Dealers said chart patterns remained a bearish influence on the market. Another rise in LME warehouse stocks of aluminium came as no surprise and had little influence, but in the **NICKEL** market a 2,274-tonne stocks rise was a major factor pushing prices lower. At the close the three months price was $82.50 down at $7,560 a tonne. **COPPER** prices were also lower in sterling terms but that was entirely due to the currency factor. The cash position's £7 fall to £1,320.50 a tonne translated into a $2 rise in terms of the weakening US currency. The retreat of the **PLATINUM** price continued following news of a wage settlement being agreed at Impala of South Africa. The price fell $2.50 to $375 a troy ounce, taking the fall over the last three trading days to $8.40 an ounce. Profit-taking ended **COCOA'S** rally and the September futures price closed £11 down at £599 a tonne.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$18.45-8.55	+0.10
Brent Blend (dated)	$20.75-0.80	-0.20
Brent Blend (Sep)	$20.70-0.80	+.175
W.T.I (1 pm est)	$22.05-2.10	+.175
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$225-228	
Gas Oil	$187-189	+2
Heavy Fuel Oil	$85-87	-1
Naphtha	$195-197	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$358.45	-0.45
Silver (per troy oz)♣	395.0c	-3.0
Platinum (per troy oz)	$375.00	-2.5
Palladium (per troy oz)	$89.25	-0.15
Copper (US Producer)	119.12c	-0.48
Lead (US Producer)	38.9c	
Tin (Kuala Lumpur market)	16.80r	-0.48
Tin (New York)	316.5c	-9.0
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	111.40	+0.86*
Sheep (live weight)†♣	73.49p	-5.14*
Pigs (live weight)†	82.14p	-3.12*
London daily sugar (raw)	$276.0w	
London daily sugar (white)	$300.0w	
Tate and Lyle export price	£253.0	+2.0
Barley (English feed)	£108.0	-2.0
Maize (US No 3 yellow)	£151.5	+0.5
Wheat (US Dark Northern)	Unq	
Rubber (Sep)♥	50.75	
Rubber (Oct)♥	50.75p	
Rubber (KL RSS No 1 Jul)	222.0r	+1.0
Coconut oil (Philippines)§	$470.0t	-20.0
Palm Oil (Malaysian)§	$370.0t	
Copra (Philippines)§	$337.5	-5
Soyabeans (US)	£135.0	
Cotton "A" index	64.65c	-0.30
Wooltops (64s Super)	380p	

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Aug	255.00	240.80	245.00
Oct	226.00	221.80	224.00
Dec	207.00	204.20	204.00
Mar	214.00	211.00	212.00
White	**Close**	**Previous**	**High/Low**
Oct	273.50	274.00	276.00 272.50
Mar	273.00	274.00	273.50 272.70
May	276.50		276.00

Turnover: Raw 193 (130) lots of 50 tonnes. White 482 (52) Paris- White (FFr per tonne): Oct 1368.23 Dec 1355.56

CRUDE OIL – IPE $/barrel

	Close	Previous	High/Low
Sep	20.72	20.73	20.79 20.65
Oct	20.65	20.67	20.72 20.58
Nov	20.57	20.55	20.62 20.50
Dec	20.46	20.44	20.47 20.42
Jan	20.31	20.25	20.32
May	19.80		19.80
IPE Index	20.57	20.70	

Turnover 15000 (20502)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low
Aug	189.75	188.25	190.50 189.00
Sep	192.25	190.25	192.25 191.00
Oct	194.50	192.90	194.75 193.50
Nov	196.00	194.25	196.60 195.50
Dec	197.25	195.50	197.50 196.75
Jan	195.50	193.75	196.25 195.50
Feb	191.75	189.50	192.00 191.00
Mar	187.25	185.25	188.00

Turnover 11180 (9567) lots of 100 tonnes

COCOA – London FOX £/tonne

	Close	Previous	High/Low
Jul	600	608	590
Sep	599	610	607 597
Dec	630	638	637 627
Mar	656	667	662 655
May	676	685	678 675
Jul	694	703	693 692
Mar	768		764

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 29,630 lots
Cash	1327-8	1344.5-5.5		1330-1		
3 months	1351-2	1368-9	1368/1347	1354-5	1349-50	177,479 lots
Copper, Grade A (£ per tonne)						Total daily turnover 18,754 lots
Cash	1320-1	1327-8	1321/1317	1316-7		
3 months	1344-5	1350-1	1344.5/1339	1338-9	1341-2	137,918 lots

CRUDE OIL (Light) 42,000 US galls $/barrel

	Close	Previous	High/Low	
Sep	22.05	22.04	22.12	21.95
Oct	21.94	21.94	22.00	21.86
Nov	21.84	21.84	21.91	21.79
Dec	21.74	21.74	21.80	21.68
Jan	21.59	21.60	21.63	21.55
Feb	21.43	21.45	21.48	21.39
Mar	21.28	21.30	21.30	21.23

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Aug	558/2	555/0	560/0	555/6
Sep	559/6	555/2	561/2	556/0
Nov	562/6	557/2	564/0	557/2
Jan	570/0	564/6	571/6	565/4

New York

LONDON STOCK EXCHANGE

Technical rally boosts share prices

By Terry Byland,
UK Stock Market Editor

THE LONDON stock market enjoyed a widely expected rally yesterday, rising sharply in the second half of the session in spite of the predictedly bearish survey of opinion from the Confederation of British Industry (CBI). The driving force came from an early gain in the new Wall Street session. Trading volume in London equities was not large enough to imply a convincing change in the investment mood.

Equities opened firmly behind more stable performances in Tokyo and New York. Traders were poised for a rally in a London market which had fallen by more than 4 per cent in the previous trading account. Shares in Wellcome stabilised as the £2.16bn share sale was absorbed. Dealers sensed that some bear positions had been left open in blue chip shares which had been sold to raise cash for the new Wellcome stock.

More significant, however, was the squeeze on market-makers' books after the prolonged selling bout. Traders seeking stock to meet previous selling orders in such recent losers as Thorn-EMI, Reuters and BAT Industries found prices moving up ahead of them.

However, lack of genuine investment demand left the Footsie struggling to hold its early gain of around 15 points. The CBI quarterly survey, confirming that the economic recovery expected in April had "failed to materialise", had been so widely discounted that it had little effect one way or the other.

The final impetus for London came when Wall Street, discounting its own bad news in the shape of a heavy fall in the US consumer confidence index, opened strongly, gaining nearly 30 Dow points during UK trading hours. The UK market was quick to follow other European bourses in responding to Wall Street.

A determined buyer for the September contract on the FT-SE Index in the stock index futures market lit the fuse under the underlying blue chip stocks. The FT-SE Index rose sharply and closed, just under the day's best, at 2,373.4 for a gain of 25.4.

The day's Seaq trading total of 446m shares was not particularly exciting, even by recent standards; Monday's Seaq total of 564.4m, worth £1.3bn in terms of retail business, was swollen by trading in the 270m new Wellcome shares.

One of the more genuinely firm sectors was the distillery industry, which took a highly favourable view of the European Community agreement on a package of binding excise duties which, in the view of City analysts, might presage a curb on further increases in spirits duties in the UK and other producer countries. Guinness, with major whisky interests, led the way forward.

ICI, the market bellwether stock, which announces trading results tomorrow, benefited from recommendation by a leading UK investment bank.

However, market strategists maintained that yesterday's rally was no more than a technical bounce in a badly shaken stock market. Traders continued to doubt whether either the stock market or the UK economy is ready to mount a sustained recovery at this stage.

Account Dealing Dates		
*First Dealings:		
Jul 27	Aug 10	Aug 24
Option Declarations:		
Aug 6	Aug 20	Sep 3
Last Dealings:		
Aug 7	Aug 21	Sep 4
Account Day:		
Aug 17	Sep 1	Sep 14

*New time dealings may take place from 8.30 am two business days earlier.

Spirits sector active

SHARES IN the big spirits distilling companies showed a mixed performance, with Guinness reacting most favourably to news that the European Community intends to leave current rates of excise duty unchanged. Guinness jumped 21 to 534p, but Grand Metropolitan gained only a penny to 415p in spite of hefty turnover of 6.6m shares, while Allied-Lyons lost ground.

Mr John Wakely, drinks analyst at Lehman Brothers, said the decision to freeze excise taxes at a lower rate for southern Europe than generally applies in the north will have very important implications over the next few years. Duty in southern Europe is little more than the equivalent of £1 per standard bottle, compared with about £5 per bottle in Britain.

From the beginning of next year, UK consumers will be able to import from the Continent substantially higher amounts of beer, wine and spirits, and Mr Wakely believes that if the UK authorities wish to maintain a reasonable level of sales "in the long run they will have to cut excise duties". Such a development is likely to boost sales of spirits in the UK.

Generators upset

The two English and Welsh power generation companies, PowerGen and National Power, were respectively the day's second and third worst performers in the Footsie list amid fears that they may face a referral to the Monopolies and Mergers Commission.

The referral worries emerged after news that Offer, the electricity industry watchdog, has requested an explanation from the generators as to why electricity prices have risen so sharply since May.

PowerGen fell 9, or 3.5 per cent, to 245p on heavy turnover of 5.2m shares, while National Power retreated 10, or 4.1 per cent, to 232p on 8.1m traded.

Specialists were surprised at the market's strong response to the news, saying it was too early to gauge whether the generators' reply would be sufficient to head off the likelihood of an investigation into electricity prices. "But the market has obviously taken fright at the uncertainty," said one analyst.

MMC rules

Allied-Lyons finished well above the day's low, helped by the European Community ruling on excise taxes, to leave just a net decline of 3 at 602p on the Monopolies and Mergers Commission's (MMC) recommendation that Allied's proposed brewing deal with Carlsberg should not go ahead in its present form.

The shares fell to 592p on disappointment with the decision of the MMC – which had generally been expected to approve the deal – as the ruling argued that there were several reasons why the joint lager brewing agreement "may be expected to work against the public interest unless modifications are made".

Before the MMC announcement, Allied shares had been boosted by a buy recommendation from County NatWest. Business was brisk, with 4.1m shares changing hands during the day.

New BAe setback

The long-running story that the European Commission may yet require British Aerospace (BAe) to repay alleged illegal state aid, or "sweeteners", paid by the UK government to the group when it took over the Rover Group triggered a slide in BAe shares.

The day's weakest individual performer among the Footsie's constituents, the stock closed a net 10 lower at 180p, or some 5.3 per cent down, having been as low as 178p. Turnover was 3.3m shares. BAe is alleged to have received around £45m when it acquired Rover in 1988.

Mirror Group Newspapers encountered its first sustained bout of selling pressure since the relisting a week last Friday. The shares, which were requoted around the 50p mark, faltered at the outset yesterday and retreated from an opening 74p to touch 67p before stabilising and ending another busy session only a fraction easier at 73p. Turnover reached 5.2m.

Reuters, badly mauled over the past couple of weeks, staged a strong rally, with bear-closing said to have been a big factor in pushing the shares up 42 to 1027p.

A series of savage profits downgrades caused Kwik-Fit, the tyres and exhaust replacement company, to plunge 44 to 125p, the day's steepest individual decline on the London stock market.

The drop in the share price was accompanied by some exceptionally heavy activity in the stock, with some 4m shares changing hands.

The company's joint brokers were among those houses downgrading. Panmure Gordon was said to have chopped its current-year profits forecast from £36m to £23m and that for next year from £40m to £30m. UBS Phillips & Drew was thought to have lopped £11m from this year's estimate to £24m, and £12m to £28m for the following year.

A block of 7.7m Pilkington shares were traded at 78p – well below the ruling price of 89p – minutes before the official close. The deal was thought to have been a bed and breakfast (or tax-related) deal.

British Gas, up 4 at 245p, benefited from a series of sizeable switches from the power generators.

Diploma fell 11 to 268p as a profits downgrade from Smith New Court coincided with a hefty selling order from another top UK broking firm.

A large line of stock in BOC sent the shares down 10 to 614p. Fibre maker British Vita suffered in similar circumstances as dealers reported difficulties in placing a line of 400,000 shares. The stock finished 4 down at 240p on turnover of 1.2m. A £15.8m one-for-10 rights issue from ML Laboratories left the drugs group 28 adrift at 735p.

Continuing positive noises from the tour operators that summer bookings were picking up and discounting going down lifted selected holiday stocks.

Property and leisure group Ladbroke benefited from positive notes from County NatWest and S.G. Warburg, the former advising a buy on secure dividend consideration. The shares rose 6 to 177p. Market sentiment also helped Thorn EMI, 15 ahead at 732p, and Granada, 12 up at 245p.

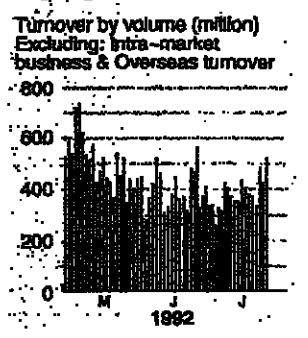
MARKET REPORTERS:
Colin Millham,
Christopher Price,
Steve Thompson.

■ Other market statistics, Page 18

FT-A All-Share Index

Equity Shares Traded

Turnover by volume (million)
Excluding: intra-market business & Overseas turnover



FINANCIAL TIMES STOCK INDICES

	July 28	July 27	July 24	July 23	July 22	Year Ago	1992 High	1992 Low	Since Compilation High	Since Compilation Low
Government Secs	89.12	89.17	89.19	89.19	89.21	84.78	89.75 (3/7)	85.11 (1/4)	127.40 (9/1/35)	49.18 (3/1/75)
Fixed Interest	105.80	105.84	105.80	105.78	105.74	93.98	106.35 (6/7)	97.15 (2/1)	106.35 (6/7/92)	50.53 (3/1/75)
Ordinary Share ●	1785.6	1787.0	1789.1	1808.1	1803.0	2011.8	2149.7 (22/5)	1767.0 (27/7)	2149.7 (22/5/92)	49.4 (26/6/40)
Gold Mines	91.5	90.5	93.1	93.6	93.3	181.2	160.6 (10/1)	83.6 (8/7)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2373.4	2348.0	2377.2	2399.5	2387.9	2595.8	2737.8 (11/5)	2348.0 (27/7)	2737.8 (11/5/92)	986.9 (23/7/84)
FT-SE Eurotrack 200	1090.65	1087.01	1088.40	1094.87	1095.41	1172.16	1248.79 (11/5)	1087.01 (27/7)	1248.79 (11/5/92)	938.62 (16/1/91)
●Ord. Div. Yield	5.19	5.25	5.17	5.11	5.11	4.70				
●Earning Yld %(full)	7.61	7.60	7.48	7.39	7.40	8.07				
●P/E Ratio(Net)(*)	16.76	16.57	16.84	17.03	17.02	15.31				
SEAQ Bargns 5.00pm	18,008	18,956	22,099	19,583	18,612	31,486				
Equity Turnover(£m)†	-	1273.1	977.5	976.0	715.9	1137.7				
Equity Bargains†	-	21,333	25,048	22,120	20,185	33,137				
Shares Traded (ml)†	-	525.6	431.5	430.9	339.9	477.0				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55, Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90 : Nil 15.60

Ordinary Share Index, Hourly changes Day's High 1786.0 Day's Low 1771.3

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1771.3	1775.4	1780.8	1779.3	1774.5	1776.8	1776.2	1778.3	1783.4

FT-SE 100, Hourly changes Day's High 2373.4 Day's Low 2352.0

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2352.0	2355.5	2361.0	2357.6	2355.4	2357.6	2356.8	2358.7	2367.1

FT-SE Eurotrack 200, Hourly changes Day's High 1091.99 Day's Low 1087.34

Open	10.30 am	11 am	12 pm	1 pm	2 pm	3 pm
1090.31	1090.47	1089.50	1088.26	1088.12	1088.55	1089.17

GILT EDGED ACTIVITY

Indices*	July 27	July 24
Gilt Edged Bargains	87.6	83.1
5 - Day average	97.0	97.2

*SE Activity 1974.
†Excluding intra-market business and Overseas turnover.

London report and latest Share index: Tel 0891 123001 Calls charged at 36p/minute cheap rate, 48p/minute at all other times

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	8	445		Comm. Union	544	412	-5	Lonrho	1,000	83	+3	Shell Transport	4,400	456	+5
ASDA Group	5,900	38¼		Cookson	1,200	137	+8	Lucas	1,100	104	+3	Siebe	386	627	+1
Abbey National	1,700	362	+4	Courtaulds	1,100	453	+4	MB Caradon	429	236	+8	Slough Ests	677	119	+1
Albert Fisher	5,000	38		Dalgety	569	392	+2	MEPC	527	351	-9	Smith (W.H.) A	2,100	373	+1
Allied-Lyons	4,100	602	-3	De La Rue	136	572	+5	Manweb	154	342	-7	Smith & Nephew	1,700	138	+2
Amstrad	921	26		Dixons	1,000	204	+4	Marks & Spencer	2,300	313	+8	SmKl Beecham	3,300	458	+2
Anglian Water	1,100	396	-1	Eastern Elect.	780	268	-2	Midlands Elect	668	296	+3	SmKl Beecham Uts	1,300	415	+2
Argos	525	227	+6	East Midlands Elect.	1,300	278		NFC	357	233	+7	Smiths Inds	1,300	272	
Argyll Group	2,900	338	+1	Eng China Clays	244	450	+13	NatWest Bank	3,300	322	+11	Southern Elect	632	281	-1
Arjo Wiggins	1,300	217	+8	Enterprise Oil	445	328	-1	National Power	8,100	232	-10	South Wales Elect	615	340	
Ass Brit Foods	231	398	+1	Eurotunnel Units	604	316	+10	Next	744	96	+3	South West Water	686	394½	-½
Ass Brit Ports	301	284	+2	FKI	691	71	-½	North West Water	656	413	+4	South West Elect.	752	289	-2
[illegible]				[illegible]				[illegible]				[illegible]			
Brit Aerospace	3,500	180	-10	[illegible]	1,600	232	+3	Rolls Royce	4,200	139	-3	Utd Newspapers	567	392	+16
Brit Airways	4,600	254	+5	ICI	940	1079	+11	Rothmans	216	1072	-5	Vodafone	1,200	312	
British Gas	6,300	245	+4	Inchcape	1,700	402	+22	Ryl Bk Scotland	883	176	+3	Warburg (SG)	285	453	-11
British Land	427	174		Kingfisher	1,100	444	+4	Royal Insurance	816	185	+5	Wellcome	1,600	802	+1½
British Steel	5,100	57½	+3½	Kwik Save	246	641	+5	Saatchi	97	124	+7	Welsh Water	371	438	+9
Bunzl	61	98	+3	Ladbroke	4,600	177	+6	Sainsbury	979	441	+3	Wessex Water	274	489½	+4½
Burmah Castrol	408	532	-3	Land Securities	1,200	378	-5	Scottish & New	1,400	431	+9	Whitbread A	1,500	418	+8
Burton	1,900	34	-1	Laporte	413	531		Scot Hydro-Elect.	1,400	202	+6	Williams Hldgs	1,100	257	+11
Cable & Wire	1,200	523	+2	Legal & General	1,000	335	+4	Scottish Power	2,600	188	+4	Willis Corroon	343	208	+5
Cadbury Schweppes	1,000	460	+4	Lloyds Abbey	965	355	+5	Sears	1,300	74	+1	Wimpey	287	105	+1
Calor Group	23	179		Lloyds Bank	2,800	409	+5	Sedgwick	456	166	+3	Wolseley	375	304	-3
Carlton Comms.	792	568	-5	LASMO	3,800	133	+1	Seeboard	694	305	+1	Yorkshire Elect.	781	342	+3
Coats Viyella	1,300	172	+1	London Elect.	1,200	288	+2	Severn Trent Water	562	394	+2	Yorkshire Water	467	438	+1

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

A QUIET day's trading in stock index futures was enlivened by a late burst of buying activity which left the market at a premium, writes Christopher Price.

The September contract opened brightly with buyers deciding Monday's falls had been overdone, and within minutes it had climbed to 2,370. But the momentum was short-lived as independent traders sent September tumbling, and by 9.30am the contract was trading at 2,361, its lowest point of the day.

Support was triggered at this level and September began a slow climb, although buyers remained scarce. A firm Wall Street helped confidence, and as on Monday, September finished with a flourish as the last hour's trading saw a squeeze, County NatWest and BZW being prominent among the buyers.

September ended at 2,387, up 32 points from the previous close and at a premium of 8 points to its estimated fair value of 12. Volume was a poor 5,298.

Business in the traded options market was similarly quiet, with 19,696 contracts dealt, some 4,200 below Monday's level. The FT-SE option had nearly 7,000 lots traded. BTR was the busiest stock option on 1,284 contracts.

FT-ACTUARIES SHARE INDICES

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tue Jul 28 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1992 to date	Mon Jul 27 Index No.	Fri Jul 24 Index No.	Thu Jul 23 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (176)	726.27	-0.1	8.12	6.19	15.72	20.52	727.17	737.80	741.86	832.90
2	Building Materials (22)	769.13	......	7.05	7.29	19.26	25.58	768.95	783.22	791.39	1061.61
3	Contracting, Construction (28)	636.07	-0.6	5.47	9.40	40.31	25.20	639.65	657.44	665.80	1137.83
4	Electricals (9)	2212.88	-0.9	7.81	6.84	16.58	68.82	2233.13	2257.90	2265.55	2476.45
5	Electronics (28)	1876.33	-0.4	8.60	4.64	14.49	45.48	1884.15	1907.18	1903.90	1680.01
6	Engineering-Aerospace (6)	294.30	-2.0	12.38	8.85	10.22	11.27	300.41	301.86	304.10	421.64
7	Engineering-General (43)	450.33	......	9.15	5.35	13.54	11.44	450.15	458.23	461.61	455.97
8	Metals and Metal Forming (7)	288.85	+2.8	5.79	7.63	25.30	7.18	281.03	280.74	284.72	437.58
9	Motors (14)	307.50	-1.1	8.63	7.65	15.24	10.14	310.86	311.37	313.12	322.27
10	Other Industrial Materials (19)	1556.87	+0.2	7.96	5.33	15.13	38.28	1554.29	1580.38	1586.15	1621.58
21	CONSUMER GROUP (189)	1526.13	+1.1	8.01	3.77	15.31	26.58	1509.07	1524.72	1539.30	1522.74
22	Brewers and Distillers (24)	1955.44	+1.8	8.46	3.74	14.26	37.26	1921.55	1945.12	1985.97	1840.50
25	Food Manufacturing (19)	1167.65	+0.8	9.24	4.52	13.39	26.01	1158.36	1176.32	1183.47	1202.39
26	Food Retailing (18)	2720.63	+0.7	8.97	3.35	14.53	44.70	2701.32	2720.59	2734.83	2716.25
27	Health and Household (24)	3758.02	+0.4	7.38	2.84	15.44	37.92	3741.99	3753.10	3763.67	3645.18
29	Hotels and Leisure (18)	1090.08	+1.9	7.36	6.28	17.65	33.45	1069.49	1092.46	1101.52	1307.14
30	Media (27)	1433.39	+1.9	7.21	3.72	17.22	27.19	1406.57	1438.41	1463.50	1427.90
31	Packaging, Paper & Printing (17)	720.47	+1.2	7.15	4.59	16.94	14.76	712.10	723.80	728.98	748.01
34	Stores (33)	973.64	+1.5	7.74	3.83	17.08	16.96	959.53	966.53	975.78	985.89
35	Textiles (9)	610.14	+0.1	7.96	5.08	15.66	14.72	609.46	612.51	615.55	583.67
40	OTHER GROUPS (118)	1181.79	+0.6	10.54	5.58	11.84	31.17	1174.70	1193.39	1202.47	1265.64
41	Business Services (17)	1224.83	+2.5	6.86	4.21	17.79	21.03	1194.73	1220.10	1240.44	1331.57
42	Chemicals (22)	1296.50	+0.3	8.13	5.61	15.00	33.10	1293.14	1322.11	1340.35	1430.38
43	Conglomerates (11)	1178.78	+1.3	10.57	7.99	11.87	24.83	1163.13	1174.70	1182.19	1454.14
44	Transport (14)	2195.83	+0.8	8.99	5.37	13.73	55.92	2177.49	2197.41	2233.55	2245.65
45	Electricity (16)	1287.44	-0.9	15.40	5.70	8.22	38.33	1298.67	1312.12	1328.57	1231.58
46	Telephone Networks (4)	1351.29	+0.7	11.52	4.89	11.32	46.12	1341.91	1373.76	1365.95	1530.57
47	Water (11)	2729.07	+0.4	16.42	6.34	6.74	86.85	2717.36	2743.42	2775.68	2387.82
48	Miscellaneous (23)	1931.83	+0.8	5.82	5.10	22.60	29.19	1917.10	1939.10	1958.02	2004.98
49	INDUSTRIAL GROUP (483)	1215.68	+0.7	8.84	4.77	14.06	26.94	1206.74	1222.30	1232.34	1272.57
51	Oil & Gas (17)	1848.00	+1.2	8.19	7.70	16.04	63.73	1825.87	1836.17	1852.92	2494.06
59	500 SHARE INDEX (500)	1276.61	+0.8	8.78	5.06	14.23	29.89	1266.62	1282.04	1292.69	1375.97
61	FINANCIAL GROUP (85)	681.68	+1.5	-	6.61	-	20.17	671.44	680.97	689.41	809.36
62	Banks (9)	918.53	+2.2	7.18	5.96	19.75	24.58	898.79	914.41	929.67	936.12
65	Insurance (Life) (6)	1409.46	+2.0	-	6.32	-	44.26	1381.68	1401.13	1402.61	1541.73
66	Insurance (Composite) (7)	424.20	+1.3	-	8.20	-	13.46	418.66	424.37	431.91	653.36
67	Insurance (Brokers) (10)	752.21	+1.3	10.30	8.63	12.76	30.14	742.44	748.43	748.63	1158.52
68	Merchant Banks (7)	428.23	-0.8	-	5.04	-	11.25	431.64	433.57	435.80	432.95
69	Property (31)	560.63	-0.7	10.39	8.17	13.03	20.31	564.53	568.71	573.01	926.85
70	Other Financial (15)	231.32	+0.2	7.84	7.47	17.25	6.63	230.93	232.70	233.85	249.21
71	Investment Trusts (70)	1075.77	+0.1	-	4.17	-	20.64	1074.88	1082.61	1093.75	1224.05
99	ALL-SHARE INDEX (655)	1133.89	+0.9	-	5.24	-	27.23	1124.19	1138.01	1148.11	1238.75

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Jul 27	Jul 24	Jul 23	Jul 22	Jul 21	Year ago
FT-SE 100 SHARE INDEX◆	2373.4	+25.4	2373.4	2352.0	2348.0	2377.2	2399.5	2387.9	2415.6	2595.6

FIXED INTEREST

	PRICE INDICES	Tue Jul 28	Day's change %	Mon Jul 27	Accrued interest	xd adj. 1992 to date
	British Government					
1	Up to 5 years (24)	121.31	....	121.31	1.38	7.91
2	5-15 years (26)	138.16	-0.06	138.56	1.75	8.37
3	Over 15 years (8)	150.52	-0.10	150.67	1.72	7.35
4	Irredeemables (6)	169.27	+0.02	169.23	2.33	7.34
5	All stocks (64)	135.51	-0.05	135.74	1.64	8.24
	Index-Linked					
6	Up to 5 years (2)	172.96	-0.06	173.06	1.23	1.83
7	Over 5 years (10)	149.85	-0.14	150.06	0.48	3.09
8	All stocks (12)	151.85	-0.13	152.04	0.57	2.90
9	Debs & Loans (62)	121.74	+0.02	121.72	2.90	6.27

	AVERAGE GROSS REDEMPTION YIELDS		Tue Jul 28	Mon Jul 27	Year ago (approx.)
	British Government				
1	Low	5 years	8.36	8.34	9.04
2	Coupons	15 years	8.77	8.76	9.87
3	(0%-7¾%)	20 years	8.77	8.76	9.87
4	Medium	5 years	9.27	9.25	10.23
5	Coupons	15 years	8.96	8.95	10.06
6	(8%-10¾%)	20 years	8.91	8.90	10.00
7	High	5 years	9.49	9.48	10.40
8	Coupons	15 years	9.14	9.12	10.18
9	(11%-)	20 years	9.06	9.03	10.09
10	Irredeemables†		9.03	9.03	10.08
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	4.21	4.18	4.40
12	Inflation rate 5%	Over 5 yrs.	4.48	4.47	4.37
13	Inflation rate 10%	Up to 5 yrs.	3.45	3.43	3.45
14	Inflation rate 10%	Over 5 yrs.	4.29	4.28	4.18
15	Debs &	5 years	10.57	10.56	11.90
16	Loans	15 years	10.31	10.31	11.66
17		25 years	10.17	10.17	11.44

◆Opening index 2352.0; 9 am 2355.5; 10 am 2361.0; 11 am 2357.6; Noon 2355.4; 1 pm 2357.6; 2 pm 2356.8; 2.30 pm 2359.3; 3 pm 2358.7; 4.10 pm 2369.5; (a) 4.30pm (b) 8.30am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, 2nd Floor, 126 Jermyn Street, London SW1Y 4UJ. Tel: 071-925 2323.

NEW HIGHS AND LOWS FOR 1992

NEW HIGHS (3).
INSCE COMPOSITE (1) FBD, MEDIA (1) TVS Ent., TRANSPORT (1) P & O 5½pc Prfd.
NEW LOWS (190).
AMERICANS (3) Bethlehem Steel, Gen. Elect., Honeywell, CANADIANS (1) Can. Pacific, BANKS (7) Abbey Natl., Banco De Santander, Deutsche, Mitsubishi T & B, [illegible]

LONDON SHARE SERVICE

BRITISH FUNDS

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int	Yield Red
"Shorts" (Lives up to Five Years)							
Exch 12¼pc 1992		100$\frac{1}{32}$xd	—	101¼	100$\frac{1}{32}$	12.22	–
13½pc 1992		100$\frac{7}{16}$	—	102¼	100$\frac{7}{16}$	13.44	9.72
Treas 8¼pc 1993		99¼xd	—	99¼	97$\frac{13}{16}$	8.31	9.45
10pc 1993‡‡		100¼	—	100½	99$\frac{11}{16}$	9.99	
[illegible]							

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
Treas 10½pc 1999		106⅝	-$\frac{1}{32}$	107$\frac{13}{16}$	101$\frac{13}{16}$	9.87	9.22
Conversion 10¼pc 1999		105$\frac{11}{32}$	-⅛	106$\frac{11}{16}$	100$\frac{11}{16}$	9.73	9.22
9pc 2000‡‡		98⅞xd	—	100$\frac{11}{16}$	94⅝	9.81	9.04
9% 2000 C		99$\frac{23}{32}$xd	—	100$\frac{13}{16}$	98$\frac{13}{16}$	9.04	9.04
[illegible]							

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
Treas 3pc '66 Aft.		32⅝	—	32⅝	29$\frac{11}{16}$	9.27	–
Consols 2½pc		27$\frac{11}{16}$	—	27$\frac{13}{16}$	24$\frac{11}{16}$	9.03	–
Treas 2½pc		27½	—	27¾	24$\frac{11}{16}$	9.08	–

Index - Linked

[illegible]

OTHER FIXED INTEREST

[illegible]

BANQUE NATIONALE DE PARIS
USD 250.000.000 Floating Rate due 1997.
Applicable interest rate for the interest period from 24.07.92 up to 26.10.92 as determined by the reference agent is 5,6875 per cent per annum namely USD 962,85 per bond of USD 100,000.

FT COMMENT TRAVELS THE WORLD

NOTICE OF REDEMPTION

Texaco Capital Inc.

10% Guaranteed Notes Due 1995

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Fiscal Agency Agreement dated as of August 29, 1985 among Texaco Capital Inc. (the "Company"), Texaco Inc. (the "Guarantor") and The Chase Manhattan Bank (National Association) (the "Fiscal Agent") and pursuant to Section 15 of the 10% Guaranteed Notes due 1995 (the "Notes"), the Company has elected to redeem on August 29, 1992 (the "Redemption Date") all of the outstanding Notes at a redemption price of 101% of the principal amount of such Notes (the "Redemption Price") together with accrued interest thereon to the Redemption Date.

Payment of the Redemption Price will be made on and after the Redemption Date upon presentation and surrender of the Notes together with all appurtenant coupons maturing subsequent to the Redemption Date at the paying agents listed below.

The August 29, 1992 interest payment will be paid in the usual manner.

The Chase Manhattan Bank, N.A.
London Branch
Woolgate House
Coleman Street
London EC2P 2HD, England

Chase Manhattan Bank (Luxembourg) S.A.
5 Rue Plaetis
L-2338 Luxembourg-Grund
Luxembourg

Chase Manhattan Bank (Switzerland)
Postfach 162, 8027
8022 Zurich
Switzerland

Berliner Handels-und Frankfurter Bank
Bockenheimer Landstrasse 10
D-6000 Frankfurt/Main 1
Germany

Banque Bruxelles Lambert S.A.
24 Avenue Marnix
B-1050 Brussels
Belgium

On the Redemption Date, the Redemption Price will become due and payable upon all the Notes. On and after the Redemption Date interest on the Notes ceases to accrue.

TEXACO CAPITAL INC.
By: THE CHASE MANHATTAN BANK
(National Association),
as Fiscal Agent

Dated: July 29, 1992

Notice of Appointment of Joint Administrative Receivers
PRESELI PRINTERS LIMITED
Registered number: 1694123. Nature of business: Printers and Stationers. Trade classification: Printers and Stationers. Date of appointment of joint administrative receivers: 21 July 1992. Name of person appointing the joint administrative receivers: Barclays Banks Plc. JOSEPH PATRICK CONSIDINE and RICHARD ANTHONY SMART, Joint Administrative Receivers, (Office holder nos 1768 and 2590), Cork Gully, Churchill House, Churchill Way, Cardiff CF1 4XQ

Notice of appointment of Administrative Receiver
In the matter of
MOSS STORAGE (GREAT BRITAIN) LIMITED
and
In the matter of the Insolvency Act 1986
Registered number: 466890. Nature of Business: Management Company. Trade classification: 37. Date of appointment of Administrative Receiver(s): Midland Bank plc. Antony B Thompson (office holder no. 6413), Joint Administrative Receivers, Aquis Court, 31 Fishpool Street, St Albans, Hertfordshire AL3 4RF, Stephen S James, (office holder no. 2125), P O Box 730, 20 Farringdon Street, London EC4A 4PP

AMERICANS

Notes	Price £	+ or -	1992 high	1992 low	Mkt Cap£m	Yld Gr's
Abbott Labs h	15⅞xd	+⅛	19⅛	14⅞	13,256	2.0
♥Allegheny & W	281p	—	335p	226p	146.8	5.6
Amdahl	739p	−168	1159p	739p	620.0	0.7
Amer Cyanamid	31	+½	37	28⅞	2,830	2.8
Amer Express	11⅞xd	−⅛	13⅞	10⅞	5,070	4.5
Amer T & T	22⅞xd	−¼	24⅞	20⅛	29,594	3.1
Ameritech	34¼	−⅞	36⅞	32½	15,214	5.3
BankAmerica	22¼xd	−⅞	27⅛	19⅞	7,883	3.0
Bankers NY	30⅝xd	−1	37¼	28⅞	2,534	4.8
Bell Atlantic	24½	−⅝	28¼	23⅛	10,647	5.6
BellSouth	28½	−1⅛	29⅛	25	12,065	5.5
♥Bethlehem Steel	6⅞xd	−⅛	9⅞	6⅞	520.2	–
Bowater	1031pxd	−21	1579p	1016p	371.7	6.1
CPC h	24⅝xd	−⅛	25⅛	22⅞	3,729	2.6
♥Cadiz Land Inc	170p	—	342p	168p	–	–
California Engy	832p	+23	833p	599p	113.2	–
Campbell Soup	18¾xd	−⅛	23⅞	17⅞	4,706	2.2
Chase Manhattan	12¼xd	−⅛	16½	9⅞	1,792	4.9
Chrysler	10⅞xd	+⅛	11½	6¼	3,048	3.0
Citicorp	10¼xd	−⅛	11⅛	5⅞	3,995	–
Colgate-Palm	26⅞xd	−⅛	29⅞	25¼	4,207	2.5
Cont'l Bank	907p	−26	1036p	499p	916.5	3.5
Dana	20⅞xd	−½	24½	14⅞	922.1	4.1
Data General	454p	−13	1004p	388p	125.3	–
♥Decora Inds.	104p	—	122p	66p	–	–
Dun & Brad	29⅞	−1	33½	27⅞	6,336	4.0
Eaton	38¼	−1⅛	48½	32½	1,332	3.0
EchLn.	9⅞xd	+⅛	11	7⅛	556.0	3.7
FPL	19⅞xd	−⅛	20	18⅛	3,327	6.7
Fluor.	20⅛	−⅛	27	19⅞	1,652	1.0
Ford Motor	22⅞xd	−⅛	28⅞	15	11,076	2.3
Gen Elect.	38⅞xd	−⅛	48¼	38⅞	33,046	3.2
♥General Host	452p	—	556p	360p	–	4.1
Gillette	26¼xd	−⅛	29⅞	23⅞	5,708	1.4
Hasbro	15	—	18	12⅞	1,292	0.7
Honeywell	33⅞xd	−¼	43	33⅞	2,317	2.6
Houston Inds.	28½	—	25	22⅞	3,043	6.7
IBM	48xd	−⅝	54½	46¾	27,394	5.3
Ingersoll-Rand h	13⅞	+⅛	18⅞	13⅛	1,445	2.5
Lockheed	23¼	+¼	28⅞	22⅞	1,478	4.7
Lowe's h	1115p	+70	1273p	815½p	813.8	1.3
Merrill Lynch	28xd	−½	39⅞	24⅞	2,870	2.0
Morgan (JP)	39⅝	−⅛	37½	28⅞	3,829	3.7
Morris (Philip)	40¼xd	−⅛	45⅞	37⅞	37,024	2.7
NYNEX	42⅞	+½	44⅝	39⅝	8,770	5.7
For Pacific Agricultural see Cadiz land Inc						
Pall	13⅞	−⅛	17⅞	10⅞	1,217	1.4
Pennzoil	25⅛xd	−¼	38¼	23⅛	1,017	6.3
Quaker Oats	29¼xd	−⅝	40⅞	28	2,223	3.0
Rockwell	12⅞	−⅛	15⅞	11½	2,771	3.9
Rep NY	22¼xd	—	28⅞	20⅞	1,167	2.4
Sears, Roebuck	19⅞xd	−⅛	28	19⅞	6,855	5.3
Sthwestern Bell	34	−⅛	35⅞	31⅛	10,205	4.5
Sun Co.	13⅛xd	−⅛	16⅞	13⅛	1,393	7.3
Tenneco	19⅞xd	+⅛	25⅞	16½	2,387	4.4
Texaco	32⅝xd	−⅞	38⅛	30⅞	8,434	5.1
Time Warner	54¾xd	+⅞	62⅛	48½	6,074	0.3
♥Unitab	320p	—	587p	320p	297.2	–
Utd Tech	27⅞xd	−⅞	31¼	26⅛	3,298	3.4
♦URS Intl. 1c	8¼p	—	1¼p	0½p	2.38	–
US West	20	−½	21⅞	18⅞	8,198	5.5
Varity	985p	+117	1068p	632p	245.8	–
Waste Manage	17⅞xd	−⅛	26	17⅞	8,784	1.3
Whirlpool	1984pxd	−8	2798p	1874p	1,384	2.9
♥Woolworth	14⅞	+⅞	18¾	13¾	1,860	4.1

CANADIANS

Notes	Price £	+ or -	1992 high	1992 low	Mkt Cap£m	Yld Gr's
♥Abbot Energy	1¾p	—	2p	1¾p	–	–
Amer Barrick	1518p	—	1642p	1268p	2,136	0.3
Bk Montreal	20½	−⅛	23¼	19½	2,492	4.7
Bk Nova Scot	977p	−37	1170p	899p	1,990	4.8
♥BC Gas	744p	—	870p	683p	–	3.7
BCE	20	−⅛	24½	19¼	6,295	5.9
♥Brascan	742p	+20	957p	704p	611.9	6.4
♥Breakwater	20p	—	33p	6p	12.7	22.8
Can Imp Bk	1163p	−55	1810p	1157p	2,183	5.2
Can Pacific	742p	−40	938p	742p	2,385	2.0
4pc Deb	36	—	38	34	16.8	11.1
♥Derlan	230p	—	330p	230p	–	5.3
♥Echo Bay	342p	—	480p	300p	350.7	1.0
♥ECO	21p	—	42p	12p	–	–
♥Gulf Can	224pxd	−18	490p	219p	355.3	–
♥Hawker Sid	10⅝	−⅛	12⅝	10¼	87.3	4.6
♥Hudson's Bay	1174p	—	1607p	1140p	350.7	3.1
♥Imperial Oil	19½xd	—	21½	18⅞	3,778	3.5
Inco	16xd	−⅛	19¼	13¼	1,730	2.6
♥Int Corona	316p	—	356p	315p	518.9	1.4
♥Muscocho	3p	—	4⅞p	1p	–	–
♥N A Tire Recycling	48p	−1	83p	34½p	1.81	–
Nova Corp Alberta	363pxd	−4	425p	319p	1,888	3.0
♥Rio Algom	732p	—	919p	675p	320.1	5.0
Royal Bk Can	1008p	−44	1416p	1018p	3,366	4.9
♥TVX Gold	154p	—	194p	143p	26.0	–
Toronto-Dom	802p	−14	944p	743p	2,414	4.8
♥Trans Can Pipe	785p	−2	888p	758p	1,351	4.4

BANKS

Notes	Price	+ or -	1992 high	1992 low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro FL	£13⅞	−⅛	£14¾	£12⅞	3,800	6.7	♦
ANZ A$ g	140	—	187½	137	1,712	5.6	12.0
■Abbey National	262	+4	317	255	3,434	5.3	8.4
■Allied Irish I£	164	−1	185	154	1,078	6.0	11.4
■Anglo Irish £1 fg	37	—	58	35	44.5	10.9	5.4
Banco Bilbao Pta	£14⅞	—	£18¼	£13¾	3,248	5.8	8.4
Banco de San Pta	£20⅝	−⅞	£30⅛	£20⅝	2,298	6.3	5.9
■Bk Ireland I£ s	150	—	168	141	608.5	5.0	27.5
[illegible]							

BREWERS & DISTILLERS

[illegible]

BUILDING MATERIALS

[illegible]

BUILDING MATERIALS - Cont.

[illegible]

BUSINESS SERVICES

[illegible]

CHEMICALS

[illegible]

CONGLOMERATES

[illegible]

CONTRACTING & CONSTRUCTION

[illegible]

CONTRACTING & CONSTRUCTION - Cont.

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONICS

[illegible]

ENGINEERING - AEROSPACE

[illegible]

ENGINEERING - GENERAL

[illegible]

ENGINEERING - GENERAL - Cont.

[illegible]

FOOD MANUFACTURING

[illegible]

FOOD RETAILING

[illegible]

HEALTH & HOUSEHOLD

[illegible]

HOTELS & LEISURE

[illegible]

HOTELS & LEISURE - Cont.

[illegible]

INSURANCE BROKERS

[illegible]

INSURANCE COMPOSITE

[illegible]

INSURANCE LIFE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

	Notes	Price	+ or -	1992 high	low	Yld Gr's	NAV	Dis or Pm(-)
Scottish Inv	†	151	+2	170	149	3.8	182.1	16.1
Warrants		22½	+½	38	22	–	–	–
Scot Mortgage		141	+1	167	139	3.7	166.9	16.1
Scot National Inc		75	—	107	75	18.2	–	–
Cap		21	+1	42	12½	–	–	–
Stepped Pf	‡	141½	+½	142	126	4.3	–	–
Zero Div Pf		166½	+½	167½	165½	–	–	–
Warrants		3½	—	9	3½	–	–	–
Scot Value	ta	62	–½	64	48	3.8	59.8	–4.0
Sec Alliance	†	1189	—	1289	1093	4.2	1353.8	12.3
Second Market	s	223	–2	244	222	0.9	274.8	18.8
Sec Tst Scot		64½	–½	78½	63	6.7	67.0	3.7
Select Assets		82½	—	102½	82½	1.4	123.1	33.0
Eq Ind Seri		111	–1	128	109	5.1	–	–
Eq Ind Serii		111	–1	123	109	5.1	–	–
Shires		208	–2	248	195	11.8	205.6	–1.1
11pc Cv Ln 03/04		£102½	–2	£119½	295½	10.7	–	–
Sem Select		69	—	91	68	2.0	89.3	22.6
Warrants		11	—	21	11	–	–	–
Smaller Cos		74	—	85	67	4.6	83.0	10.9
Warrants		12	–1	28	10	–	–	–
Somerset Tst		125	—	140	55	–	81.6	–53.2
Sphere Inc	N	11xd	—	20	10¼	37.8	14.4	27.0
Zero Div Pf		68	+½	77¼	65¼	–	–	–
Sumit		28	—	95	30	5.5	109.1	72.5
TR City of Lon	M	106¼	+1	127½	97½	6.0	105.6	0.7
TR Euro Growth	s	76	—	95	74	1.6	91.0	16.5
Ptg Sub	s	38	—	54	38	3.4	–	–
TR Far East Inc	M	82	+½	96	79	7.2	96.0	14.6
Warrants		14	—	22	12	–	–	–
TR High Inc		97	—	110	91	8.2	96.1	0.9
Sub		22½	–½	35	22	0.9	–	–
TR Pacific	s	76	+1	99	71	0.4	88.8	15.5

INVESTMENT COMPANIES

MEDIA

MEDIA - Cont.

MERCHANT BANKS

METALS & METAL FORMING

MISCELLANEOUS

MOTORS

OIL & GAS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIAL MATERIALS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

STORES - Cont.

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

	Notes	Price	+ or -	1992 high	low	Mkt Cap£m	Yld Gr's
Homestake $		£7⅛	–¼	£9⅞	£6¼	884.4	1.4
Hiverma West IE		33	—	53	33	10.5	–
Ithalls Mints IE		17	—	42	16	0.41	–
Kenmare		2¼	—	6½	2½	2.84	–
Melinga Res		25	—	48	25	2.76	–
Navan Res IE		23½	—	26	16	3.15	–
North West Expl A$		3	—	8	2	1.01	–
Oryx Gold $		66	–½	103	51	–	–
Plateau		3	—	13	3	1.37	–
RTZ		551	+3	668	469	5,521	4.7
Vizcaya		1¾	—	3	1	0.94	–
Western & Pac C$		9	—	86	7	4.94	–
Young Grp		16	—	110	4	2.41	21.7

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ), and non-UK stocks which are quoted on SEAQ International
- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◊ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♧ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ◆ Merger bid or reorganisation in progress
- § Forecast dividend yield, p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
r Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e also based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings.
v Subject to local tax.
z Dividend yield includes a special payment
E Auction basis.
F Yield based on prospectus or other official estimates for 1990-91.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1991.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1991-92.
N Yield based on prospectus or other official estimates for 1992.
P Figures based on prospectus or other official estimates for 1991
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend
xc ex scrip issue
xr ex rights
xa ex all
xl ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion

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AUTHORISED UNIT TRUSTS

NPI (contd.)

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
NPI UK Dist	5½	247.2	248.9	266.2	+0.20	3.39
NPI Extra Inc Dist	5½	50.69	51.09	54.64	-0.06	4.91
NPI UK Spec Opp Acc	5½	52.13	52.83	56.50	-0.11	2.59
NPI W'wide Acc	5½	67.21	69.38	74.20	-0.20	0.00
NPI W'wide Dist	5½	64.40	66.47	71.09	-0.20	0.00
NPI W'wide Inc Dist	5½	45.87	46.89	50.15	-0.14	2.68

For National & Provincial UT Mngrs see N&P UT Mngrs

Marlborough Fund Managers Ltd (1630)F
57 Victoria Square Bolton, BL1 1LA 0204 364842

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Managed Tst	5	52.82	52.99	56.37	.	5.24

Martin Currie Unit Trusts Ltd (0905)H
Saltire Crt, 20 Castle Terrace, Edinburgh 031 479 4646

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Far East (Pacific)	5¼	86.07	86.07xd	91.36	-0.54	0.94
Income & Growth	5¼	56.25	56.25	59.71	-1.27	4.94
European (z)	5¼	54.08	54.08	57.39	+0.12	1.13
Nth American (z)	5¼	38.27	38.27xd	40.62	-0.43	0.78
Intl Growth	5¼	63.32	64.38	68.34	-0.49	0.91
UK Growth	5¼	56.18	57.23	60.75	+0.01	1.85
Intl Income	5¼	48.60	49.32xd	52.35	-0.21	5.67
Charities	5¼	84.11	85.32	90.57	-0.71	5.75
Japan	5¼	26.36	26.36	27.98	-0.43	0.21
Emerging Markets	6	52.58	53.72	57.45	-0.38	0.01

For Matheson see Cannon UT

For Mayflower Mngmt see Sheppards UT Mngrs

Mercury Fund Managers Ltd (1000)H
33 King William St, EC4R 9AS 071-280 2060

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American	5	122.6	122.6	130.6	-0.40	0.00
(Accum Units)	5	131.1	131.1	139.5	-0.50	0.00
American Opps	5	49.15	49.15	52.43	+0.09	0.00
(Accum Units)	5	49.82	49.82	53.15	+0.09	0.00
British Blue Chip	5	58.74	58.76	62.68	-0.19	4.25
(Accum Units)	5	67.19	67.20	71.69	-0.23	4.25
Cash	0	100.2	100.2xd	100.2		9.80
(Accum Units)	0	123.6	123.6xd	123.6		9.80
European Growth	5	149.9	149.9xd	158.6	+0.20	0.57
(Accum Units)	5	160.6	160.6xd	169.9	+0.20	0.57
European Income	5	58.68	58.68xd	62.13	-0.26	3.78
(Accum Units)	5	73.29	73.29xd	77.60	-0.32	3.78
General	5	361.7	361.3	387.6	-1.30	3.13
(Accum Units)	5	672.2	673.4	720.5	-2.30	3.13
Global Bond	5	105.2	105.2	110.5	-	6.69
(Accum Units)	5	112.1	112.1	117.9	-0.10	6.69

Newton Fund Mngrs Ltd (1200)F
2, London Bridge, SE1 9RA 071-407 4404

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Newton Income	6	151.51	154.83xd	164.72	-0.71	5.49
Newton Global	6	190.08	190.08	202.22	-1.21	2.31
Newton General	6	121.24	123.90	131.81	-0.59	3.72
Newton Intl Bd	6	97.44	99.01	105.34	-0.12	7.47

Norwich Union Tst Managers (1200)H
PO Box 124, 51/59 Rose Lane, Norwich 0603 682234

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Master Trust	6	82.59	82.59	87.85	-0.07	4.12
UK Equity	6	100.72	102.30	108.83	+0.32	4.61
UK Equity Income	6	95.25	97.07	103.27	+0.35	6.22
UK Smaller Co's	6	85.50	88.91xd	94.58	-0.48	3.17
UK Equity Growth	6	94.18	95.80	101.92	+0.18	5.29
UK Index Tracking F	6	99.34	99.96	106.34	-1.07	4.97
Intl Index Tracking F	6	86.74	87.49	93.07	-0.13	1.63
International	6	141.82	143.37	152.49	+0.18	2.41
European	6	116.65	117.55	125.05	+0.82	1.45
Pan European	6	87.68	88.70	94.36	+0.97	3.52
Nth American	6	113.05	114.14	121.43	-0.35	2.27
Nth Amer Smlr Cos	6	98.01	99.91xd	106.29	-0.03	0.00
Japanese	6	47.25	47.96xd	51.02	-0.34	0.00
Pacific	6	114.18	115.91xd	123.31	+0.23	1.35
South East Asian	6	117.44	119.34	126.96	+0.99	1.38
International Bond	6	101.14	101.26xd	107.72	-0.04	6.59
Gilt & Convertible	6	98.80	99.03xd	105.35	+0.02	7.99
Property F	6	67.79	69.71xd	74.16	-0.01	6.98
Cash Deposit Accum F	0	102.02	102.02	102.02	+0.02	9.36

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (✡) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (▲) - 1401 to 1700 hours; (#) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH. Tel: 071 - 379 - 0444.

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Stewart Ivory Unit Tst Mgrs Ltd (1200)H
45 Charlotte Sq, Edinburgh 031-226 3271

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American ♥	5	248.2	248.2	264.0	-2.0	0.89
(Accum Units) ♥	5	292.1	292.1	310.7	-2.4	0.89
British	5	755.8	772.2	817.0	-1.7	6.59
(Accum Units)	5	1267.5	1295.0	1370.1	-2.9	6.59
European	5	328.2	328.2	349.5	+0.5	1.38
(Accum Units)	5	356.8	356.8	378.9	+0.6	1.38
Japan	5	81.18	81.18	86.30	-0.73	-
(Accum Units)	5	81.83	81.83	86.99	-0.74	-
New Pacific	5	192.0	192.9xd	205.4	+0.5	1.71
(Accum Units)	5	199.3	200.4	213.4	+0.5	1.71
Investment Tst June 12	0	131.5	134.2	142.3	-	-
Mngd Equity	5	117.5	118.8xd	125.7	-0.1	3.07
Mngd Equity Acc	5	128.7	128.1	135.5	-0.1	3.07
Mngd Cash	0	95.88	95.88xd	95.88	+0.02	9.56
(Accum Units)	0	122.5	122.5	122.9	-	9.56
Majority Stlg	1	99.99	99.99xd	100.99	+0.02	9.40
Majority Stlg Acc	1	112.79	112.79	113.92	+0.03	9.40

Storebrand Intl Inv Mngrs Ltd (1200)F
Admin. 5 Rayleigh Rd, Hutton, Brentwood, Essex
Enquiries 0277 227300 Dealing 0277 261010

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
International Jul 15	0	46.02	46.02	48.40	-	1.53

Sun Alliance Unit Tst Mngmt Ltd (1200)F
St Mark's Court, Horsham 0403 232323

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Equity	6	369.3	369.3	408.9	+0.2	3.45
North America	6	73.94	73.94	79.08	-0.05	0.87
Far East	6	76.95	76.95	82.30	-0.03	0.57
W'wide Bond	6	47.39	47.39	50.41	+0.04	8.17
European	6	63.66	63.66	68.09	+0.40	1.50
Equity Income	6	62.64	62.64xd	66.99	-0.74	5.71
Portfolio	6	53.16	53.16	56.86	+0.04	2.01
UK Leading Cos	6	40.78	41.36	44.00	-0.01	3.47
Broker Trusts						
Inval Equity	6	40.99	41.69	44.59	-0.22	3.06

Sun Life of Canada Unit Mgrs Ltd (1000)H
Basing View, Basingstoke, Hants 0800 525725

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American Growth	6	24.40	24.40	26.10	-0.18	0.48

Lazard Investors Ltd ¤¤
Exempt Funds

	Bid Price	Offer Price
Small Co's Jul 22	£3848.1	4019.6
European Jul 22	£563.4	569.5
American Jul 22	£323.6	326.5
Japan Jul 22	£361.9	367.0
Pacific Jul 22	£138.1	141.4
Uk Midlands Jul 30	£126.30	141.40

Local Authorities Mutual Invest. Tst.*
2 Fore Street, London EC2Y 5AQ

	Bid Price	Offer Price
Property Jun 30	189.30	190.10
Equity Jun 30	856.95	868.95

* Available only to Local Authorities

M & G Securities Ltd

	Bid Price	Offer Price
Charibond Jul 27		406.59
(Accum Units)		662.2
NAACIF Jul 21		40.75

Morgan Grenfell Investment Funds Ltd
Exempt Funds

	Bid Price	Offer Price
UK Equity † Jul 28	121.0	130.0
UK Small Co † Jul 28	461.1	508.7
Fixed Interest † Jul 28	111.6	117.4
US Small Co Jul 28	137.8	147.4
Managed Jul 28	103.3	110.7
Intl Bond Jul 28	123.0	129.7
Japan Jul 28	51.08	54.42
European Jul 28	86.56	92.70
Nth American Jul 28	102.1	110.0

Morgan Stanley International

	Bid Price	Offer Price
UK Exempt	£1042.61	1068.94
Overseas Exempt	£939.25	967.83

Murray Johnstone UT Mngmt
Murray Exempt Funds

	Bid Price	Offer Price
American Exempt	47.69	49.55xd
European Exempt	47.29	48.76xd
Fixed Int Ex Jul 22	46.94	47.39xd

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INSURANCES

[illegible]

OTHER UK UNIT TRUSTS

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Continued on next page

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	Bid Price	Offer Price	+ or -	Yield Gross
Pearl Assurance (Unit Funds) Ltd				
Lynch Wood Peterborough PE2 6FY 0733 470470				
Property Dist. (Gross)	135 5	142.6		-
Property Acc. (Gross)	258 2	271.8	..	-
Equity (Gross)	809 8	852 5	-1 2	-
Managed (Gross)	578.6	609.0	-0.7	-
Property Acc. (Net)	123 4	129 9		-
Equity (Net)	189 3	199 2	-0 3	-
Adventurous Managed	87 9	92.6	-0 4	-
Managed (Net)	178 8	188 3	-0 1	-
Cautious Managed	96 2	101.3	+0 1	-
International (Net)	151 0	159 0	-0 1	-
Gilt & Fixed Interest	142 9	150 5	+0 1	-
Money Fund	140 6	148 0	+0 1	-
Mixed Fund (Cap)	111 8	117 9		-
Mixed Fund (Acc)	116 3	122 5		-
Pearl Assurance (Unit Linked Pens) Ltd				
Ret Man (Series 1)	626 8	659 8	-1 3	-
Ret Man (Series 2)	212 6	223 8	-0 4	-
Ret Cash	198 6	209.0		-
Pens Mixed Fd (Cap)	123.5	130 0		-
Pens Mixed Fd (Acc)	128 5	135 3		-
Pens Stlg Fd (Cap)	104 0	109 5		-
Pens Stlg Fd (Acc)	108 2	113 9		-

For Pioneer Mutual see Swiss Pioneer

	Bid Price	Offer Price	+ or -	Yield Gross
Premium Life Assurance Co Ltd				
37-39 Perrymount Road Haywards Heath 0444 458721				
American	125 0	132 0	+1 0	-
Building Soc. Fd	224 0	236 0		-
Balanced	255 0	269 0	+1 0	-
European	201 0	212 0	+2 0	-
GT Managed	177.0	187 0	....	-
Gartmore Mngd	115 0	122.0	-1 0	-
German	126 0	133 0		-
Gilt	169 0	178 0		-
Global	37 0	39 0	..	-
International Equity	184 0	194 0	+1 0	-
Japan	136 0	144 0		-
Leisure	48 0	51 0		-
Managed	*41 0*	*44 0*		-
Property	294 0	310 0		-
UK Equity	238 0	251 0	+1 0	-
Pension Funds				
American	240 0	253 0		-
Building Soc. Fd	240 0	253 0		-
Balanced	213 0	225 0	+1 0	-
European	221 0	233 0	+2 0	-

	Bid Price	Offer Price	+ or -	Yield Gross
Provident Mutual Life Asse. Assn. - Contd.				
Pension Funds				
Managed Ord	439.5	462 6	+0 5	-
Managed Init	319 9	336 7	+0 4	-
Equity Ord	*664 8*	*699 8*	+1 5	-
Equity Init	483 8	509.3	+1	-
Pen Ind Lkd Gilt Ord	186 8	196.6	-0 1	-
Pen Ind Lkd Gilt Init	142 0	149.5	-0 1	-
Overseas Equity Ord	277 8	292 4		-
Overseas Equity Init	202 2	212 8		-
Property Ord	281 3	296 1	+0.1	-
Property Init	204 7	215.5		-
Fixed Interest Ord	293 7	309.2	.....	-
Fixed Interest Init	213 8	225 1		-
Deposit Ord	270 6	284 8	+0.1	-
Deposit Init	196 9	207 3		-
Prudential Assurance Co				
Holborn Bars London EC1N 2NH 071-405 9222				
Prufund				
Managed Jul 22	247 5	257 9		-
Prudential Corporate Pension Funds				
1 Stephen St London W1P 2AP 071-548 3281				
Prudential Managed Funds				
Discretionary Jul 22	£178.34	184 09		-
Equity Jul 22	£204 32	211 31	..	-
International Jul 22	£25 24	25 93		-
Intl Bond Jul 22	*£14 23*	*14 44*	...	-
Fixed Int Jul 22	£106 17	107 37		-
Index Linked Jul 22	£76 16	77 12	-	-
Property Jul 22	£109 77	115 33		-
Cash Jul 22	£30 9895	30 9895	..	-
Pru-Linked Retirement Plan				
Managed Jul 21	427 3	445 2		-
Cash Jul 21	284 6	296 5		-
Prudential Pensions Investment Account				
Pens Mngd Jul 29	167 8	180.4	+0 3	-
Pens UK Eq Jul 29	294 1	317 2	+0 3	-
Pens Intl Jul 29	179 2	192.1	+0 7	-
Pens Global Eqty Jul 29	92.5	97 4	+0 2	-
Pens Fixed Jul 29	241 6	255 1	+0 1	-
Pens Index Li Jul 29	194 3	205 2	-	-
Pens Property Jul 29	89 7	94 5	-	-
Pens Cash Jul 29	185 9	195 8		-
Money Purchase Plan				
Discretionary Jul 28	93 2	100 1	-1 0	-
Equity Jul 28	96 6	103 8	-1.3	-
International Jul 28	79 0	84 3	-0 9	-

Professional Life Assurance Co Ltd (z)

Prolific Life & Pensions Ltd

Prosperity Life Assurance Ltd

Providence Capital Life Assur. Co Ltd

Provident Life Assoc. Ltd

Provident Mutual Life Asse. Assn.

Prudential Individual Life Funds

Prudential Individual Pension Funds

Reliance Mutual

J Rothschild Assurance PLC

Royal Heritage Life Assurance Ltd

Royal Life Insurance Ltd

Royal Life Assurance

Save & Prosper Group (z)

Scottish Amicable

Scottish Equitable Life Assce. Soc.

Scottish Life Investments

Scottish Mutual Assurance plc

Scottish Provident Institution

Scottish Widows' Group

Shield Assurance Ltd

Skandia Life Assurance Co Ltd (z)

Standard Life Assurance Company

Sun Alliance Group

Sun Life Unit Assurance Ltd

Swiss Life (UK) PLC

Swiss Pioneer Life Plc

TSB Life Ltd

Target Life Assurance Co Ltd

Teachers' Assurance Company Ltd

Templeton Life Assurance Limited

Tunbridge Wells Equitable

Wesleyan Assurance Society

Windsor Life Assur Co Ltd

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

	Bid Price	Offer Price	+ or -	Yield Gross
Royal Life Intl. Ltd - Contd.				
Royal Life Far East Fd	£0.765	0.825	-0 05	-
Ryl Life Intl Gwth Fd	£0.773	0.832	-0.024	-
Royal Life Intl Prop	£1.894	2.037	-0 032	-
Analysis APM O/S Fd	£1.391	1.496	-0.081	-
Analysis Bal Inv Port	£1 055	-	-0.028	-
AS & Co Offshore Bal F	£0 963	1.015	-0.001	-
Lacomo Intl Fd	£1.469	1.515	-0 018	-
Young & Co Int Port	£1.033	1 111	-0.024	-
YRA Growth Fd	£1.007	1.083	-0 011	-
YRA $ Growth Fd	$0.922	0.992	+0.002	-
YRA Special Opps	£0 850	0 914	+0.003	-

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Fidelity Money Funds - Contd.						
FFr Accum		FFr-	53.060		+0.03	9.20
FFr Dist		FFr-	53 060		+0.03	9.20
HK$ Accum		HK$-	102 36		+0 01	3.20
HK$ Dist		HK$-	102 36		+0 01	3.20
Lire Accum		L-	16,163		+7	15.8
Lire Dist		L-	16,163		+7	15 8
NZ$ Accum		NZ$-	31.166		+0.05	5 00
NZ$ Dist		NZ$-	31 166		+0.05	5 00
SPta Accum		Pta-	1899 5		+0 6	11.8
SPta Dist		Pta-	1899 5		+0.6	11.8
£ Accum		£-	10.633		+0.02	9.20
£ Dist		£-	10 633		+0.02	9.20
SFr Accum		SFr-	26 230		+0.03	7 90

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Sarasin Funds Mngmt (Guernsey) Ltd						
PO Box 246 St Peter Port, Guernsey 0481 723021						
Eurostar £ (20-1)	5		£- 20.32	21 69	..	-
(Accum Units) (20-1)	5		£- 20.44	21 81		-
Europar SFr (20-1)	5		SFr- 51 21	54 66	....	-
(Accum Units) (20-1)	5		SFr- 51.52	54.98		-
GlobalSar-Fonds £	5		£- 13 74	14 61		-
(Accum Units)	5		£- 14.29	15.19		-
GlobalSar-Fonds US$	5		$- 26 17	27 82		-
(Accum Units)	5		$- 27 20	28 91		-
GlobalSar-Fonds SFr	5		SFr- 34.64	36.82		-
(Accum Units)	5		SFr- 36.02	38.28		-
Schroder Investment Mngmt (Guernsey) Ltd						
PO Box 255 St Peter Port, Guernsey 0481 710651						

GUERNSEY (REGULATED)(**)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

JERSEY

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ISLE OF MAN (REGULATED)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar at post-intervention low

THE DOLLAR dipped to its lowest point against the D-Mark since last week's central bank intervention, after figures showed that US consumer confidence had fallen sharply in July, *writes James Blitz.*

The US consumer confidence index dropped to 61.0 this month from a revised 72.6 in June, while the market had expected it to decline to 69.5. *That news triggered a new* wave of dollar selling, with the currency weakening to a low of DM1.4690.

With the dollar on its lows, the market was beset with rumours that the Federal Reserve was intervening in the *market, buying the currency at* DM1.4700. The rumour boosted the US unit by more than a pfennig within several minutes. *Later, when it proved to* be unfounded, the dollar slipped again to close in Europe nearly a pfennig down *on the day at DM1.4740.* At the end of New York trading it was slightly lower at DM1.4730.

The see-saw dollar/D-Mark trading showed how fearful the market is about intervention. Many analysts are convinced that the US currency will not test the all-time low again. Traders said they expect these fears to fade with time. The next key US indicator is tomorrow's figure for GDP growth in the second quarter. The forecast is for an annualised drop *to 1.7 per cent from the first* quarter's 2.7 per cent.

The yen remained weak against the D-Mark, following the Bank of Japan's half-point reduction in the official discount rate on Monday to 3.25 per cent. Traders said the Japa*nese currency continued to be* undermined by the fragile state of the Tokyo stock market, and a new round of allega*tions about corruption in the* ruling party. The yen finished against the D-Mark at Y86.53 from a previous close of Y86.00. *Against the dollar, the yen was* marginally firmer, at Y127.60, from a previous Y127.70, while in New York it improved further to close at Y127.40.

Sterling firmed against the D-Mark in the morning, but retreated in the afternoon in the wake of the dollar's weakness. A gloomy quarterly report from the Confederation of British Industry on UK industrial trends had little effect on the pound, as its con*tents had been well leaked in the UK press over the week*end. However, the report, which said that manufacturing output would continue to fall over the next four months and that more jobs will be cut, darkened the economic gloom around sterling.

The pound closed unchanged at DM2.8425. But the gap between sterling and the next weakest currency in the EMS *grid, the Italian lira, widened* to 2.57 percentage points on a scale measuring the currencies' strengths against the ecu. *The lira was unchanged* against the D-Mark at L756.2.

£ IN NEW YORK

July 28	Close	Previous Close
£ Spot	1.9305-1.9315	1.9185-1.9195
1 month	1.04-1.02pm	1.06-1.05pm
3 months	3.23-3.20pm	3.20-3.17pm
12 months	11.5-11.4pm	11.38-11.28

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	July 28	Previous
8.30 am	92.5	92.2
9.00 am	92.4	92.2
10.00 am	92.4	92.3
11.00 am	92.4	92.4
Noon	92.3	92.5
1.00 pm	92.3	92.5
2.00 pm	92.4	92.5
3.00 pm	92.4	92.4
4.00 pm	92.4	92.3

CURRENCY MOVEMENTS

Jul 28	Bank of England Index	Morgan** Guaranty Changes %
Sterling	92.4	-19.8
U.S. Dollar	60.3	-18.2
Canadian Dollar	98.9	-2.5
Austrian Schilling	111.1	+12.8
Belgian Franc	113.1	-1.0
Danish Krone	111.4	+5.0
D-Mark	121.2	+26.7
Swiss Franc	111.0	+18.9
Dutch Guilder	116.1	+17.3
French Franc	106.1	-10.8
Lira	99.9	-19.4
Yen	136.6	+72.8
Peseta	108.7	-17.6

Morgan Guaranty changes: average 1980-1982 = 100. Bank of England Index (Base Average 1985 = 100) **Rates are for July 27

CURRENCY RATES

Jul 28	Bank rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.750346	0.717585
U.S. Dollar	3.00	1.44104	1.38279
Canadian $	5.50	1.71325	1.64275
Austrian Sch.	7.50	15.0632	14.3630
[illegible]	[illegible]	[illegible]	[illegible]

§ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for July 27

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Jul 28	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Portuguese Escudo	178.735	173.346	-3.02	6.17	49
Spanish Peseta	133.631	129.790	-2.87	6.01	49
D-Mark	2.05586	2.04071	-0.74	3.73	32
Dutch Guilder	2.31643	2.30206	-0.62	3.61	19
Belgian Franc	42.4032	42.0367	-0.86	3.87	31
Irish Punt	0.767417	0.764815	-0.34	3.32	5
French Franc	6.89509	6.89457	-0.01	2.98	-12
Danish Krone	7.84195	7.85422	0.16	2.81	-18
Italian Lira	1538.24	1544.85	0.43	2.53	-32
Sterling	0.696904	0.717585	2.97	0.00	-59

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Jul 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.9195 - 1.9310	1.9280 - 1.9290	1.03-1.01cpm	6.35	3.22-3.19pm	6.65
Canada	2.2855 - 2.2915	2.2870 - 2.2880	0.81-0.72cpm	4.01	2.77-2.67pm	4.76
Netherlands	3.2000 - 3.2490	3.2000 - 3.2100	par-¼cdis	-0.23	½-¼dis	-0.47
Belgium	58.50 - 58.75	58.60 - 58.70	1-4cdis	-0.51	10-2pm	0.41
Denmark	10.9300 - 10.9715	10.9400 - 10.9500	1¼-2oredis	-1.71	2-3½dis	-1.01
Ireland	1.0650 - 1.0690	1.0655 - 1.0665	0.04-parcpm	0.23	0.07-0.01pm	0.15
Germany	2.8400 - 2.8500	2.8400 - 2.8450	par-¼pfdis	-0.26	¼-¼pm	0.26
Portugal	240.60 - 244.90	240.60 - 241.60	98-159cdis	-6.40	241-358dis	-4.97
Spain	180.55 - 181.40	180.55 - 180.85	57-66cdis	-4.08	137-152dis	-3.20
Italy	2149.25 - 2158.25	2149.25 - 2150.25	13-16liredis	-8.09	28-34dis	-5.77
Norway	11.1630 - 11.3225	11.1750 - 11.1850	⅝-1½oredis	-1.14	¼-2dis	-0.47
France	9.6015 - 9.6380	9.6000 - 9.6100	½-¾cdis	-0.86	½-¾dis	-0.23
Sweden	10.3075 - 10.4625	10.3175 - 10.3275	2-2⅞oredis	-2.83	4¼-6dis	-2.08
Japan	245.45 - 246.50	245.50 - 246.50	1¼-1⅛ypm	5.79	3¼-3⅛pm	6.00
Austria	20.00 - 20.07	20.03 - 20.06	¼-⅞grodis	-0.37	3½-⅞pm	0.40
Switzerland	2.5135 - 2.5235	2.5100 - 2.5200	¼-¼cpm	0.89	1¼-⅞pm	1.59
Ecu	1.3935 - 1.4135	1.3935 - 1.3945	0.09-0.15cdis	-1.03	0.26-0.32dis	-0.83

Commercial rates taken towards the end of London trading. Six-month forward dollar 6.24-6.19pm. 12 Month 11.50-11.40pm.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Jul 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.9195 - 1.9310	1.9280 - 1.9290	1.03-1.01cpm	6.35	3.22-3.19pm	6.65
Ireland†	1.7990 - 1.8125	1.8070 - 1.8080	1.12-1.09cpm	7.34	3.13-3.06pm	6.85
Canada	1.1850 - 1.1885	1.1875 - 1.1885	0.22-0.25cdis	-2.37	0.56-0.59dis	-1.94
Netherlands	1.6590 - 1.6740	1.6620 - 1.6630	0.91-0.94cdis	-6.68	2.60-2.65dis	-6.32
Belgium	30.30 - 30.55	30.40 - 30.50	16.00-18.00cdis	-6.70	46.50-50.00dis	-6.34
Denmark	5.6575 - 5.7040	5.6725 - 5.6775	3.70-4.00oredis	-8.14	10.75-11.35dis	-7.79
Germany	1.4690 - 1.4850	1.4735 - 1.4745	0.83-0.84pfdis	-6.80	2.37-2.38dis	-6.45
Portugal	124.35 - 125.45	125.35 - 125.45	136-143cdis	-13.35	360-380dis	-11.80
Spain	93.50 - 94.35	94.00 - 94.10	81-84cdis	-10.53	232-238dis	-9.99
Italy	1113.00 - 1122.40	1114.50 - 1115.00	13.00-14.50liredis	-14.80	34.00-36.50dis	-12.65
Norway	5.7890 - 5.8260	5.7950 - 5.8000	3.50-3.80oredis	-7.55	10.20-10.70dis	-7.21
France	4.9650 - 5.0105	4.9775 - 4.9825	2.99-3.04cdis	-7.27	8.65-8.75dis	-6.99
Sweden	5.3340 - 5.3860	5.3500 - 5.3550	4.03-4.28oredis	-9.32	11.65-12.10dis	-8.87
Japan	127.00 - 127.80	127.55 - 127.65	0.07-0.08ydis	-0.71	0.19-0.20dis	-0.61
Austria	10.3750 - 10.4350	10.3900 - 10.3950	5.70-6.05grodis	-6.78	16.00-17.00dis	-6.35
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EURO-CURRENCY INTEREST RATES

Long term Eurodollars: two years 4¼-4⅛ per cent; three years 5¼-5 per cent; four years 5⅝-5⅜ per cent; five years 6⅛-5⅞ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

OTHER CURRENCIES

Jul 28	£	$
Argentina	1.9075 - 1.9105	0.9900 - 0.9910
Australia	2.5915 - 2.5935	1.3430 - 1.3440
Brazil	7825.70 - 7832.15	4061.90 - 4062.10
Finland	7.7880 - 7.8115	4.0390 - 4.0420
Greece	347.400 - 352.950	180.330 - 183.210
Hong Kong	14.8745 - 14.8880	7.7360 - 7.7370
Iran	2717.00*	1435.00*
Korea(Sth)	1502.20 - 1526.45	785.20 - 791.40
Kuwait	0.56200 - 0.56300	0.29230 - 0.29260
Luxembourg	58.60 - 58.70	30.40 - 30.50
Malaysia	4.8040 - 4.8165	2.4995 - 2.5005
Mexico	5780.30 - 5793.95	3114.00 - 3115.00
N.Zealand	3.5280 - 3.5330	1.8300 - 1.8325
Saudi Ar.	7.1900 - 7.2670	3.7495 - 3.7505
Singapore	3.1030 - 3.1105	1.6135 - 1.6145
S.Af (Cm)	5.3035 - 5.3160	2.7530 - 2.7550
S.Af (Fn)	7.5020 - 7.5460	3.8910 - 3.9140
Taiwan	48.10 - 48.30	24.95 - 25.05
U.A.E.	7.0400 - 7.1175	3.6715 - 3.6735

*Floating rate Iran Official rate £121.35 $63.75

EXCHANGE CROSS RATES

July 29	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr	Pta	Ecu
£	1	1.929	2.843	246.0	9.605	2.515	3.205	2150	2.288	58.65	180.7	1.394
$	0.518	1	1.474	127.5	4.979	1.304	1.661	1115	1.186	30.40	93.68	0.723
DM	0.352	0.679	1	86.53	3.378	0.885	1.127	756.2	0.805	20.63	63.56	0.490
YEN	4.065	7.841	11.56	1000	39.04	10.22	13.03	8740	9.301	238.4	734.6	5.667
F Fr.	1.041	2.008	2.960	256.1	10.	2.618	3.337	2238	2.382	61.06	188.1	1.451
S Fr.	0.398	0.767	1.130	97.81	3.819	1	1.274	854.9	0.910	23.32	71.85	0.554
N Fl.	0.312	0.602	0.887	76.76	2.997	0.785	1	670.9	0.714	18.30	56.38	0.435
Lira	0.465	0.897	1.322	114.4	4.467	1.170	1.491	1000.	1.064	27.28	84.05	0.648
C$	0.437	0.843	1.243	107.5	4.198	1.099	1.401	939.7	1	25.63	78.98	0.609
B Fr.	1.705	3.289	4.847	419.4	16.38	4.288	5.465	3666	3.901	100.	308.1	2.377
Pta	0.553	1.068	1.573	136.1	5.315	1.392	1.774	1190	1.266	32.46	100.	0.771
Ecu	0.717	1.384	2.039	176.5	6.890	1.804	2.299	1542	1.641	42.07	129.6	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100 Peseta per 100.

FINANCIAL FUTURES AND OPTIONS

LONDON (LIFFE) · CHICAGO · PARIS

Estimated volume 47,712 † Total Open Interest 549,762

Strike	Calls September	Calls December	Calls March	Puts September	Puts December	Puts March
104	-	-	-	0.14	0.66	-
105	-	1.79	-	0.34	0.95	-
106	0.36	1.24	1.78	0.82	1.38	1.40
107	0.11	0.61	-	1.57	1.94	-
108	0.03	0.51	-	2.48	-	-
Open int.	132,295	227,631	8,300	115,009	60,707	5,760

† All Yield & Open interest figures are for the previous day.

BASE LENDING RATES

	%		%		%
Adam & Company	10	Credit Lyonnais	10	McDonnell Douglas Bnk.	10
Allied Trust Bank	10	Cyprus Popular Bk	10	Midland Bank	10
AIB Bank	10	Dao Heng Bank Plc	11	Mount Banking	10
● Henry Ansbacher	10	Duncan Lawrie	10	NatWestminster	10
B & C Merchant Bank	10.5	Equatorial Bank plc	10	Northern Bank Ltd	10
Bank of Baroda	10	Exeter Bank Limited	10.5	Nykredit Mortgage Bank	10.5
Banco Bilbao Vizcaya	10	Financial & Gen. Bank	10	Provincial Bank PLC	14
Bank of Cyprus	10	● Robert Fleming & Co	10	● Rea Brothers	10
Bank of Ireland	10	Robert Fraser & Ptnrs.	10.5	Roxburghe Bank Ltd.	11
Bank of India	10	Girobank	10	Royal Bk of Scotland	10
Bank of Scotland	10	● Guinness Mahon	10	● Smith & Williamson Secs.	10
Banque Belge Ltd	10	Habib Bank AG Zurich	10	Standard Chartered	10
Barclays Bank	10	● Hambros Bank	10	TSB	10
Brit Bk of Mid East	10	Hampshire Trust Plc	13.5	Unibank plc	10
● Brown Shipley	10	Heritable & Gen Inv Bnk.	10	● United Bk of Kuwait	10
CL Bank Nederland	10	● Hill Samuel	10	Unity Trust Bank Plc	10
Citibank NA	10	C. Hoare & Co.	10	Western Trust	10
City Merchants Bank	10	Hongkong & Shanghai	10	Whiteaway Laidlaw	10
Clydesdale Bank	10	Julian Hodge Bank	10	Yorkshire Bank	10
Co-operative Bank	10	● Leopold Joseph & Sons	10		
Coutts & Co	10	Lloyds Bank	10		
		Meghraj Bank Ltd	10		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

Cash trades quietly

STERLING cash rates were mostly unchanged in quiet trading, following the forecast of a small £500m shortage by the Bank of England.

The overnight rate came down to 7½ per cent after the market took out most of the £500m shortfall by lunchtime. In the morning, the Bank purchased £400m of Band 1 bank bills at 9¾ per cent. The forecast was later revised to £550m, and the Bank bought £150m of Band 1 bank bills, also at 9¾ per cent.

This straightforward trading softened period rates at the short end. One-week money closed at 10 per cent, down from 10⅛ per cent, one-month was at 10⅛ per cent from 10$\frac{3}{16}$ per cent, and three-month off $\frac{1}{16}$ at 10¼ per cent. However, dealers saw no fundamental factors softening rates and still found plenty of reasons to be bearish about a base rate cut.

There is still the fear of a Lombard rate rise, and eyes are firmly fixed on August 6, the date of the next Bundesbank council meeting. Sterling's slide yesterday to 2.57 percentage points below its nearest competitor in the European exchange rate mechanism, the Italian lira, was also depressing.

Yesterday's CBI quarterly survey underlined the view that economic recovery is a long way off, and only made the atmosphere gloomier. But it had little effect on the market, having been substantially discounted after its contents were leaked at the weekend.

Futures trading was more subdued, closely tracking sterling's fall on the foreign exchanges. The September *short sterling contract dipped 6* basis points from its opening of 89.73, but picked up to close at 89.69. Dealers said a futures broker had bought *500 lots* at 89.68 and, on a day when volume reached only about 12,000 lots, this had had a substantial effect on the market.

In the German interbank money market, dealers reported continuing tension as German call money held close to the 9.75 per cent Lombard rate. *Banks quoted call money* within a broad range of 9.65 to 9.75 per cent, but said most trade was at 9.70-9.75 per cent. Liquidity levels were not high, and some dealers were concerned that pension fund payments due today would drain funds from the market.

UK clearing bank base lending rate
10 per cent
from May 5, 1992

FT LONDON INTERBANK FIXING

(11.00 a.m. July 28) 3 months US dollars: bid 3⅜ offer 3½

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

July 28	Overnight	One Month	Two Months
Frankfurt	9.65-9.75	9.70-9.80	9.70-9.80
Paris	9⅞-10⅛	10⅛-10¼	10⅛-10¼
Zurich	7⅞-8⅛	8¼-8½	-
Amsterdam	-	-	-
Tokyo	4⅛-4¼	4⅛-4¼	-
Milan	14¾-15	17¼-17¾	-
Brussels	9¼-9½	9⅝-9¾	-
Dublin	10⅛-10¼	10⅜-10⅝	10¾-10⅞

LONDON MONEY RATES

Jul 28	Overnight	7 days notice	One Month
Interbank Offer	10⅛	10	10⅛
Interbank Bid	2	9⅞	10⅛
Sterling CDs	-	-	10⅛
Local Authority Deps	9⅞	9⅞	10⅛
Local Authority Bonds	-	-	-
Discount Mkt Deps	10	9⅞	-
Company Deposits	-	-	-
Finance House Deposits	-	-	10⅛
Treasury Bills (Buy)	-	-	9⅞
Bank Bills (Buy)	-	-	9⅞
Fine Trade Bills (Buy)	-	-	-
Dollar CDs	-	-	3.24
SDR Linked Dep. Offer	-	-	6⅛
SDR Linked Dep. Bid	-	-	6⅛
ECU Linked Dep. Offer	-	-	11
ECU Linked Dep. Bid	-	-	10⅞

Treasury Bills (sell): one-month 9⅞ per cent; three months 9[illegible]. Bank Bills (sell): one-month 9⅞ per cent; three months 9[illegible] ... tender rate of discount 9.5161 p.c. ECGD Fixed Rate Sterling ... 30, 1992. Agreed rates for period July 26, 1992 to August ... Schemes II & III: 11.28 p.c. Reference rate for period May 3... IV&V: 10.038 p.c. Local Authority and Finance Houses ... fixed. Finance Houses Base Rate 10½ from July 1, 1992 ... days notice 4 per cent. Certificates of Tax Deposit (Series ...) under one month 6½ per cent; one-three months 9 per cent ... months 8½ per cent, nine-twelve months 8½ per cent; Under ... 1992. Deposits withdrawn for cash 5 per cent.

MONEY MARKET FUNDS

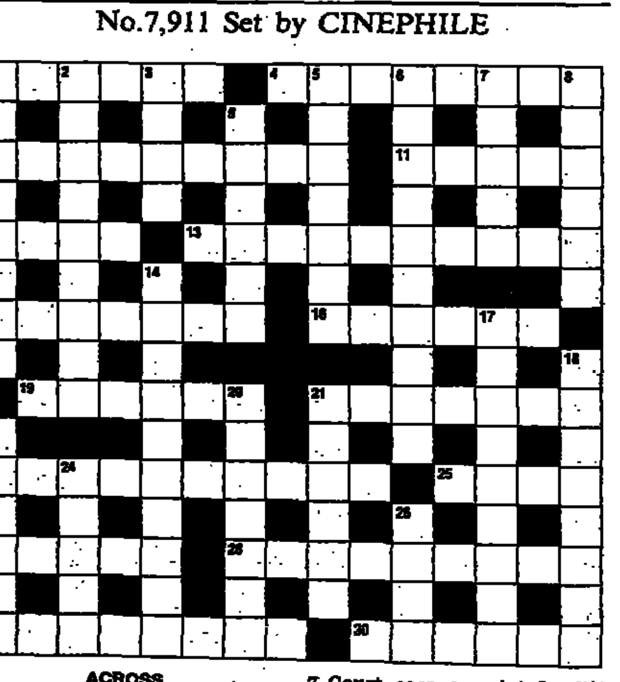
Money Market Trust Funds

Money Market Bank Accounts

JOTTER PAD

CROSSWORD

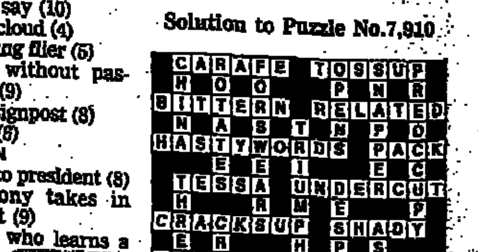
No.7,911 Set by CINEPHILE



ACROSS
1 Aristocratic parrot with small dose left inside (6)
4 Seriousness of life among the fat, translated (8)
10 Month after which one pair (American) is likely to drop off (9)
11 Man in the field, a party in Hitler's Reich (5)
12 Bed? Nonsense! (4)
13 Solo pincer movement at dead centre? (10)
15 Abuse method of transport (7)
16 Quagmire: — you for entering it! (6)
19 Writer for money short by one pound (6)
21 A terrible strain for the worker (7)
23 Clowns, group of five born to Earl of Oxford, say (10)
25 Get wearisome cloud (4)
27 Semi-divine young flier (5)
28 Serve the FT without passion? It's risky (9)
29 Epoch-making signpost (8)
30 Ancestral knot (6)

DOWN
1 Beetle married to president (8)
2 Arcane ceremony takes in second, not first (9)
3 Deposit by one who learns a poem (4)
5 Sort out liquo[illegible] form (7)
6 Rail union ea[illegible] made a meal [illegible]
7 Court case associated with error (5)
8 Someone who is a distant follower of the Marquis? (6)
9 Modest about honey, which is attractive (6)
14 Scene of rugby match? I knew that was wrong (10)
17 In the near future enquire at entrance of Canadian city (9)
18 Fish, I agree, rising on island (8)
20 Wash Californian city below (7)
21 Cover like *a gap with no top* (6)
22 Cut up about bird being used as disinfectant (6)
24 Type of French novel (5)
26 Tolerate a seller (4)

Solution to Puzzle No.7,910



WORLD STOCK MARKETS

AUSTRIA | FRANCE (continued) | GERMANY (continued) | NETHERLANDS (continued) | SWEDEN (continued) | BELGIUM/LUXEMBOURG | SWITZERLAND | DENMARK | FINLAND | NORWAY | FRANCE | ITALY | SPAIN | SOUTH AFRICA | SWEDEN | NETHERLANDS | GERMANY | JAPAN | AUSTRALIA (continued) | HONG KONG | AUSTRALIA | MALAYSIA | SINGAPORE

[illegible]

Price data supplied by Telekurs.

CANADA

TORONTO

4:00 pm prices July 28

Quotations in cents unless marked $

Sales	Stock	High	Low	Close	Chng
1800	Abitibi Pr	$15½	15⅜	15½	+¼
23100	AgnicoEa	$6⅛	6¼	6⅜	+⅛
213300	Air Cda	$5⅝	5⅛	5⅛	+⅛
4100	Alberta En	$13⅛	13	13	−⅛
5800	AlbNtGas	$13	12½	13	+⅛
578900	Alcan Al	$23	22⅝	23	
461800	Am Barr	$34⅞	34¼	34⅞	+½
8600	Atco Cl 1	$12	12	12	
86800	Bk Montrl	$47⅛	47	47⅝	+⅝
774600	Bk Nova Sc	$22⅞	22⅜	22¾	+⅜
8700	BC Sugar A	$9⅛	9¼	9¼	
280500	BCE Inc	$46	45⅝	45⅞	
30700	Belmoral	13	13	13	
13700	BGR A	$7⅞	7⅞	7⅞	+⅛
47600	Bomb'dierB	$15⅝	15⅜	15⅜	−⅛
9300	Bow Valley	$11	10⅞	10⅞	−⅛
3000	BP Canada	$12¼	12¼	12¼	+¼
66400	Bramalea	92	81	88	+6
60700	Brascan A x	$17	16⅝	16⅞	−½
123000	Breakwater	46	43	43	−3
22800	BC Tel	$20¾	20½	20¾	+⅛
10300	Bruncor	$19¼	19⅛	19¼	+⅜
1900	Brunswick	$10¼	10⅛	10⅛	−¼
12600	CAE Ind	$6⅜	6¼	6¼	
16200	Cambior	$9¾	9½	9½	−⅛
5500	Cambridge	$15⅛	d14⅞	14⅞	−¼
3000	Cameco	$16	16	16	−⅛
6600	C'bell Res	58	54	58	
208400	CanImpBk	$27⅜	26¾	27¼	+⅝
32800	Can Occid	$28⅛	28	28	−¼
93700	Can Pac	$17⅛	17	17⅛	
200	Can Tire x	$19½	19½	19½	
47000	CanTire A x	$17⅛	17⅛	17⅛	
31700	Can Util A	$21	20⅞	21	+⅛
200	Can Util B	$21	21	21	
9000	Canamax	32	30	30	
3300	Cantor	$28⅛	28¼	28¼	−¼
7800	CnPcForest	$25½	25½	25½	
1100	Cara Op	450	445	450	+10
100	Cascades	$8¼	8¼	8¼	
600	Celanese	$42¼	42¼	42¼	
3000	Cntrl Cap	13	13	13	
10900	Cineplx Odn	305	300	300	
1400	Cmrl Fd A	495	490	490	−10
21000	Cominco	$22¼	22½	22½	−⅛
7000	Copidalog	45	d42	42	
56400	Corel Sys	$20⅞	19⅞	20⅝	+⅝
1530	CoscanDev	$5½	5¾	5⅞	+⅛
1600	CrownX A	115	111	111	−2
1000	Denison A	30	28½	28½	
78700	Denlsn	$5½	5½	5½	
90200	Dofasco	$11¼	d11¼	11⅝	−⅛
500	Domann Tx	$6¼	6	6¼	+⅛
5300	Domtar Inc	$7	7	7	−⅛
1000	Du Pont A	$43¼	43⅛	43⅛	+⅛
11400	DundeeBncA	315	305	310	+5
35100	Echo Bay M	$7⅛	7⅝	7⅛	−¼
500	Emco Ltd	$5⅜	5¾	5⅜	
2600	Empire	$10¼	d10	10	−⅛
300	Euro Nev	$19½	19¼	19¼	−⅜
2200	FPI Ltd	300	290	290	
6300	FahnstkVr	$8½	8½	8½	+⅛
1300	Finning	$13⅝	13⅝	13⅝	
2000	Fst Mara A	$10⅜	10⅜	10⅜	
4800	Fortis	$22⅛	22¼	22⅜	+⅛
59000	Four Seasn	$17½	17½	17½	
32000	FrancoNev	u$30¼	30	30	−¼
96800	Galactic	12	11	11	−2
1000	Gendis A	$17	17	17	
12900	Glamis Gld	410	405	410	
41700	Granges	u150	144	145	+8
100	GW Lifeco	$14⅝	14⅝	14⅝	
38300	Gulf Cda R	$5¼	5	5¼	
2500	GW Utils	$6	d5½	6	
5300	HarrisSt A	$6¼	6¼	6¼	−⅛
100	Hawker Sid	$24⅛	24⅛	24⅛	
40200	Hees Intl	$12	11⅝	11⅞	−⅛
142900	Hemlo Gds	$10¼	10	10¼	+¼
1000	Hollinger	$10⅝	10⅝	10⅝	
1700	Home Oil	$15¾	15½	15¾	+¼
36300	Horsham	$10	9½	10	+½
4200	HudsBayM&S	$5⅜	5⅜	5⅜	
22000	HudsnsBay	$26¾	26⅝	26¾	−⅛
11700	Imasco	$36⅞	36¾	36¾	
25500	Imp Oil	$44⅝	44⅜	44½	
192800	Inco	$36½	35¾	35⅞	−⅝
23900	Int Corona	$6	5¾	5⅞	
5900	IntMurexT	$17	16⅞	16⅞	−1⅛
8100	IntprvPipe	$25	24⅞	25	
8300	Invest Grp	$24	23⅞	24	
2700	Ivaco A	435	430	435	
3500	Jannock	$15¼	15⅛	15⅛	−⅛
10400	Kerr-Addis	$15⅞	15½	15½	+⅜
46800	Labatt	$27¼	27⅛	27¼	
139300	Lac Mnrls	$9½	9¼	9½	+¼
100	Lafarge	$17¼	17¼	17¼	
7700	Laidlaw A	$11½	11¼	11¼	−⅛
272400	Laidlaw B	$11½	11¼	11⅜	
400	Laurent Bk	$17	d17	17	
800	Laurent Gp	$5¼	5¼	5⅛	
1000	Lawson Mar	$9⅞	9⅞	9⅞	
1900	Loblaw	$16¾	16¾	16¾	+⅛
121000	Mackenzie	$5¾	5⅝	5¾	+⅛
31600	Macm Bl	$17⅛	d17	17	
396300	Magna IntA	$29½	28½	29¼	+1
48200	Mpl Lf Fds	$15½	15⅜	15⅜	−⅛
3700	Marit T&T	$19⅞	19½	19⅞	+¼
300	Mark Res	490	490	490	
6700	MDS Hth B	$14⅞	14⅞	14⅞	
1700	Metall Min	$13⅛	13½	13½	−¼
3600	Minnova	$16¾	16⅝	16¾	+⅛
459300	Mitel Corp	214	205	207	+4
6700	Molson A	$30⅞	30⅝	30⅞	+⅛
23100	Moore Corp	$22	21½	21⅞	+¼
61000	Muscocho	8	6	8	
65900	Nat Bk Can	$9	9	9	
2500	Noma Ind A	$6⅛	6	6	−⅛
20800	NorandaFor	$7¾	7⅝	7⅝	
65400	Noranda	$19¾	19¼	19¼	−⅛
200	Norcn8 12	$25	25	25	
4300	NorcnMVtg	$20¼	20¾	20¾	
133100	Nth Tele	$42⅛	41½	41¾	−⅛
500	Northgate	84	84	84	
81100	Nova Corp x	$8½	8¼	8⅜	+⅛
200	Nowsco WSv	$9½	9½	9½	
38200	Numac Oil	$5⅛	4.85	4.95	−0.16
1700	Onex Corp	u$8½	8⅛	8½	+⅛
44800	Oshawa A	$21⅛	20⅞	20⅞	−¼
548700	PWA Corp	480	d385	335	−105
106200	Pagurian A	356	330	330	−20
22900	Pancdn Pet	$24⅞	24¾	24⅞	
13800	Pegasus	$19⅜	19¼	19¼	+¼
21500	Pioneer Mt	18	16	16	−3
420300	PlacerDome	$13¾	13½	13¾	+⅛
27000	Poco Pet	430	425	425	−5
12400	Power Corp	$15¼	15	15⅛	+⅛
2400	Power Fin	$20¾	20⅝	20¾	
12800	Quebecor A	$14½	14½	14½	
38100	Ranger Oil	$9	8¾	8⅞	+⅛
1500	Rayrock	$8½	8⅜	8½	+¼
300	Reed Sten	$27⅜	27⅜	27⅜	
300	Rettman S	$16	d16	16	
105600	Ren'sance	u$15½	15½	15⅜	
71900	Repap Ent	300	290	300	+7
21400	Rio Algom	$17⅛	17	17⅛	+⅛
129200	RogersComB	$14⅛	13¾	14⅛	+⅜
500	Rothmans	$95	93	95	+4
137600	RoyalBkCan x	$25½	24⅞	25⅜	+½
180000	Ryl Oak Mn	252	245	249	+2
169500	RylTrustco	$5⅝	5⅝	5⅝	
3000	StLawrCm A	$9⅞	9½	9½	
50000	Sceptre Rs	42	41	41	
4000	ScotPaper	$15½	15	15½	
2400	Scotts Hos	$14	13⅝	13⅝	−¼
151900	Seagram Co	$34¾	34⅛	34⅞	+½
9900	Sears Can	$8	7⅞	8	
1000	ShellCan A	$41½	41	41⅜	+¼
1600	Sherritt G	$8¾	8⅝	8⅝	−⅛
363400	SHL Syst	$9	8⅝	8⅞	
366200	SNC Group	$11	d10½	10½	
18000	Sonora Gld	22	19	20	
18100	Southam	$16⅛	16⅛	16⅜	+⅛
6300	Spar Aero	$16½	15⅞	15⅞	−⅛
28800	Stelco A	390	385	385	
110100	Teck B	$21½	21⅜	21½	+⅛
17900	Teleglobe	$12⅞	12¾	12¾	−⅛
29950	Thomson	$14⅝	14⅜	14½	
318300	Tor Dom Bk	$18⅞	18¾	18⅝	+¼
85300	Torstar B	$21⅜	21⅛	21⅜	+¼
500	TotalPNAm	$8⅛	8⅛	8⅛	
593900	TransAlta	$13⅞	13¾	13¾	−⅛
525300	Transcan P	$18	17¾	17⅞	−⅛
187500	Trimac	$7⅝	d7¼	7⅝	
19800	Trizec A	445	440	445	
14800	UAP A	u$17⅛	17⅛	17⅛	
1400	UnionEnt	$15½	15½	15½	
600	UnitedCorp x	$27½	27¼	27½	+⅝
14800	UtdDomInd	$11	10¾	11	+¼
43700	Univa	$7¼	7⅛	7¼	
4900	Viceroy Rs	495	490	490	
25300	W'coast E	$16½	16⅛	16½	−¼
1900	Weston Geo	$37⅛	37⅛	37⅛	−⅛
3000	WIC B	$14⅛	14⅛	14⅛	

x - No voting rights or restricted voting rights

MONTREAL

4.00 pm prices July 28

Sales	Stock	High	Low	Close	Chng
19800	BombrdierB	$15⅝	15½	15½	−⅛
1700	Cambior	$9¾	9½	9½	−⅛
147700	CanImp Bk	$27⅜	26¾	27⅛	+⅜
300	CanMarconi	$16¼	16¼	16¼	+⅛
31600	Cascades	$8¼	8⅛	8¼	
1300	DomnTxt A	$6	6	6	
315000	MacleanHnr	$11⅞	11¾	11⅞	
164500	NatBk Can	$9⅛	8⅞	9	
300	Quebecor A	$14½	14½	14½	
3600	Teleglobe	$12⅞	12¾	12¾	−⅛
8700	Univa	$7⅜	7⅛	7⅜	+⅛
8700	Videotron	$17⅛	17⅛	17⅛	+⅛

Total Sales 12,373,900 shares

INDICES

NEW YORK

DOW JONES	Jul 28	Jul 27	Jul 24	Jul 23	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	3334.07	3282.20	3285.71	3290.04	3413.21 (1/6)	3172.41 (2/1)	3413.21 (1/6/92)	41.22 (2/7/32)
Home Bonds	101.85	101.65	101.64	101.47	101.85 (28/7)	98.41 (20/5)	101.85 (28/7/92)	54.99 (1/10/81)
Transport	1295.03	1276.25	1273.19	1269.74	1467.68 (20/2)	1269.74 (23/7)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	222.08	219.20	218.52	217.83	225.59 (3/1)	200.74 (8/4)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 3345.69 (3311.38) Low 3277.61 (3265.99)

STANDARD AND POOR'S

	Jul 28	Jul 27	Jul 24	Jul 23	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	417.52	411.54	411.60	412.08	420.77 (15/1)	394.50 (8/4)	420.77 (15/1/92)	4.40 (1/6/32)
Industrials	489.89	482.89	482.84	483.31	499.27 (15/1)	470.91 (8/4)	499.27 (15/1/92)	3.62 (21/6/32)
Financial	36.16	35.48	35.67	35.94	36.65 (10/7)	32.43 (8/4)	36.65 (10/7/92)	8.64 (1/10/74)
NYSE Composite	229.54	226.50	226.48	226.66	231.85 (15/1)	217.92 (8/4)	231.35 (15/1/92)	4.46 (25/4/42)
Amex Mkt. Value	384.55	382.06	382.53	382.50	418.99 (12/2)	374.04 (26/6)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	571.63	564.73	565.61	565.24	644.92 (12/2)	547.84 (26/6)	644.92 (12/2/92)	54.87 (31/10/72)

	Jul 24	Jul 17	Jul 10	year ago (approx.)
Dow Industrial Div. Yield	3.17	3.13	3.13	3.10

	Jul 22	Jul 15	Jul 8	year ago (approx.)
S & P Industrial div. yield	2.68	2.64	2.68	2.77
S & P Indl. P/E ratio	28.50	28.95	28.45	19.02

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day
Chrysler	6,142,400	21¼	+ 1⅛
Telefonos	4,339,100	46¼	+ 3¼
Union Carbide	2,622,000	14¼	+ ⅜
Gen Motors	2,174,100	41⅞	+ 1½
Boeing	2,093,200	39	- ¼
Ford Motor	2,115,800	45¼	+ 1¼
Glaxo	1,921,000	27⅛	+ ½
RJR Nabisco	1,815,600	8⅞	+ ⅛
USX Marathon	1,722,500	21⅞	- ⅛
Stone Cont	1,683,400	18½	+ ¼

TRADING ACTIVITY

† Volume (Millions)	Jul 28	Jul 27	Jul 24
New York SE	217.950	164.680	163.870
Amex	11.472	9.931	9.879
NASDAQ	(u)	128.131	167.782
NYSE			
Issues Traded	2,319	2,291	2,279
Rises	1,386	898	860
Falls	444	809	839
Unchanged	489	584	580
New Highs	139	76	59
New Lows	25	28	35

CANADA

TORONTO	Jul 28	Jul 27	Jul 24	Jul 23	1992 HIGH	1992 LOW
Metals & Minerals	3053.43	3070.65	3102.00	3081.30	3238.87 (16/1)	2828.26 (8/4)
Composite	3411.50	3396.46	3400.87	3412.20	3666.00 (16/1)	3318.10 (8/4)
MONTREAL Portfolio	1796.84	1791.45	1795.91	1798.20	1937.59 (16/1)	1727.04 (8/4)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable

	Jul 28	Jul 27	Jul 24	Jul 23	1992 HIGH	1992 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1605.4	1606.3	1609.6	1610.7	1684.50 (22/5)	1545.30 (9/4)
All Mining (1/1/80)	707.1	711.8	716.5	715.5	726.80 (3/7)	660.30 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	324.15	322.21	325.47	334.36	458.57 (24/2)	322.21 (27/7)
Traded Index (2/1/91)	773.52	765.77	771.06	794.36	1099.43 (24/2)	765.77 (27/7)
BELGIUM						
BEL20 (1/1/91)	1129.44	1130.36	1134.06	1139.89	1235.40 (2/6)	1097.23 (8/1)
DENMARK						
Copenhagen SE (3/1/83)	309.06	308.74	308.46	309.13	365.29 (15/1)	308.46 (24/7)
FINLAND						
HEX General (28/12/90)	685.0	688.3	696.7	706.1	935.90 (24/2)	685.00 (28/7)
FRANCE						
CAC General (31/12/82)	482.02	478.39	476.45	476.98	555.93 (12/5)	475.53 (2/1)
CAC 40 (31/12/87)	1769.00	1755.35	1734.62	1734.56	2077.49 (11/5)	727.49 (22/7)
GERMANY						
FAZ Aktien (31/12/58)	640.96	638.36	639.94	648.76	725.26 (26/5)	638.36 (27/7)
Commerzbank (1/12/53)	1810.1	1802.2	1807.2	1833.4	2043.80 (25/5)	1802.20 (27/7)
DAX (30/12/87)	1610.64	1618.09	1610.42	1623.37	1811.57 (25/5)	1578.73 (10/7)
HONG KONG						
Hang Seng Bank (31/7/64)	5782.63	5664.39	5772.76	5917.16	6162.53 (16/7)	4301.78 (2/1)
IRELAND						
ISEQ Overall (4/1/88)	1262.58	1267.21	1267.18	1276.36	1469.57 (17/1)	1262.58 (29/7)
ITALY						
Banca Com. Ital. (1972)	400.01	398.38	406.36	408.07	551.59 (6/2)	398.38 (27/7)
MIB General (2/1/92)	784.0	780.0	797.0	800.0	1086.00 (5/2)	780.00 (27/7)
JAPAN						
Nikkei (16/5/49)	15426.64	15373.34	15497.79	16039.94	23801.18 (6/1)	15373.34 (27/7)
Tokyo SE (Topix) (4/1/68)	1190.41	1193.94	1204.55	1227.82	1763.43 (6/1)	1190.41 (28/7)
2nd Section (4/1/68)	1746.03	1763.53	1771.56	1782.92	2459.85 (6/1)	1746.03 (28/7)
MALAYSIA						
KLSE Composite (4/4/86)	585.77	589.70	593.53	602.24	619.06 (20/2)	546.63 (14/1)
NETHERLANDS						
CBS Ttl Rtn Gen (End 1983)	285.7	285.0	287.3	289.1	314.90 (9/6)	274.00 (8/1)
CBS All Shr (End 1983)	195.2	194.7	196.4	197.6	215.50 (26/5)	192.40 (8/1)
NORWAY						
Oslo SE Ind (2/1/83)	674.18	662.89	658.50	654.86	772.74 (18/5)	643.24 (20/7)
PHILIPPINES						
Manila Comp (2/1/85)	1477.67	1475.10	1463.39	1470.76	1580.95 (11/6)	1083.01 (17/3)
SINGAPORE						
SES All-Singapore (2/4/75)	383.25	385.85	381.58	387.52	416.99 (21/1)	370.13 (9/4)
SOUTH AFRICA						
JSE Gold (28/9/78)	1110.0‡	1099.0	1122.0	1139.0	1327.00 (21/1)	1006.00 (24/4)
JSE Industrial (28/9/78)	4129.0‡	4103.0	4130.0	4160.0	4689.00 (4/6)	4103.00 (27/7)
SOUTH KOREA**						
Korea Comp Ex (4/1/80)	514.45	517.48	521.99	518.53	691.48 (8/2)	505.30 (20/7)
SPAIN						
Madrid SE (30/12/85)	(u)	211.82	213.24	214.03	266.51 (28/2)	211.82 (27/7)
SWEDEN						
Affarsvarlden Gen (1/2/37)	854.7	841.80	834.70	839.40	1014.50 (11/5)	834.70 (24/7)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	803.4	798.3	798.8	801.6	883.40 (11/5)	748.50 (8/1)
SBC General (1/4/87)	613.5	608.3	607.9	608.8	682.30 (11/5)	601.10 (8/1)
TAIWAN**						
Weighted Price (30/6/66)	3959.10	4008.22	4022.16	3978.87	5391.63 (30/1)	3959.10 (28/7)
THAILAND						
Bangok SET (30/4/75)	732.57	734.94	746.16	753.92	832.39 (7/4)	667.84 (19/5)
WORLD						
M.S. Capital Intl (1/1/70) ($)	485.5*	482.8	483.3	487.5	542.10 (7/1)	467.50 (8/4)
Euro Top-100 (26/6/90)	847.08	840.06	840.14	845.15	976.55 (25/5)	840.06 (27/7)

**Saturday July 25: Taiwan Weighted Price 4018.85, Korea Comp Ex. 521.76
‡ Subject to official recalculation. *Calculated at 15.00 GMT
Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., Euro Top-100, ISEQ Overall and DAX – 1,000; JSE Gold – 255.7; JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500. (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Tuesday 28 July 1992

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Meiji Milk Prod	2.9m	892	-2	Hitachi	1.3m	731	-1
Daikyo Kanko	2.4m	545	+1	NPN Steel Corp	1.3m	264	-2
Toshiba Corp	2.0m	623	+5	Sato Kogyo Co	1.3m	653	-39
Okamoto Inds	1.8m	1,130		Clarion	1.3m	531	-37
Taiyo Fishery	1.5m	431	-3	Mitsubishi Hvy	1.3m	508	+8

4:00 pm prices July 28

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1992 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15⅞	11⅞	AAR Corp x	0.48	3.8	20	117	12⅝	12½	12⅝	+0.24
26	18⅛	A L Labs A	0.18	1.0	73	571	18⅜	d18⅛	18¼	
68¾	52⅝	AMP Inc x	1.62	2.8	21	2584	53⅞	53¼	53⅝	+1.78
80½	60⅞	AMR			23	5146	66⅜	63½	65¼	+1½
2⅜	1⅜	ARX			2	41	1⅜	1⅜	1⅜	
53½	38¼	ASA	2.00	5.0	26	313	40⅛	39⅞	40⅛	+⅜
34⅛	26⅛	Abbott Lab	0.60	2.0	22	9178	30¼	30	30⅜	+⅝
13⅞	12	Abitibi Pr	0.50	3.9	9	2	12⅞	12⅞	12⅞	+⅛
11⅝	10⅛	ACM Gvt In x	0.96	8.5		162	11⅜	11¼	11¼	
10⅝	9⅛	ACM GvOpp	0.94	9.8		313	9⅝	9⅝	9⅝	-⅛
9½	8½	ACM Gvt Sp	0.92	9.8		186	9⅜	9¼	9⅜	+⅛
11¼	10⅛	ACM Gvt Se	0.96	8.7		796	11	10⅞	11	+⅛
10	8⅝	ACM Man	0.98	10.2		64	9⅝	9⅝	9⅝	
12⅞	10⅝	ACM Manago	1.21	10.9		241	11¼	11⅛	11⅛	
11¾	4¾	Acme Cleve	0.40	5.9	13	393	6⅞	6⅝	6¾	
6¼	4⅜	Acme Elect			4	10	4⅞	4¾	4¾	-¼
33¼	18⅛	Acuson			12	435	19⅛	18⅝	18⅞	+⅛
19½	18⅛	Adams Expr	1.63	8.7	0	17	18¾	18⅝	18¾	+⅛
49⅛	29½	Ad Micro	3.00	8.9		362	33¾	33⅜	33⅝	
21½	7½	Ad Micro P	3.00	35.3	35	174	8⅝	8⅜	8½	
9⅛	5	Advest Grp	0.16	2.8	60	151	5¾	5⅝	5⅝	
37¾	33	Aegon ADR	1.68	4.6	6	119	36½	36⅛	36½	+1
47	38⅜	Aetna LF x	2.76	6.4	82	438	43⅜	42⅞	43	+⅜
12⅛	8⅜	Affil A	0.24	2.0	14	950	11⅞	11¾	11⅞	+⅛
33¾	24	Aflac	0.44	1.4	18	519	33	32½	32½	-⅜
19⅜	15⅛	Ahmanson	0.88	5.3	71	858	17	16⅝	16¾	
22½	5¾	Aileen Inc			6	116	6⅝	6½	6½	-¼
49½	38½	Air Pr Chm	0.86	2.1	17	1578	41⅝	41¼	41⅜	-½

NYSE COMPOSITE PRICES

Continued from previous page

1992 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close	Chng
37	28½	Xtra Corp	0.80	2.2	13	86	36	35⅝	35⅝	-⅜
28⅛	25¼	Yankee Egy	1.86	6.0	12	59	27⅞	27½	27½	-¼
1½	½	Zapata			48	886	1	⅞	15/16	
11⅛	6¾	ZenithElec			5	364	7⅞	7¾	7¾	-⅛
19½	14½	Zenith Nat z	1.00	5.7	8	72	17¾	17½	17½	-⅜
7⅛	6	Zenix Inc x	0.84	11.8		166	u7¼	6⅞	7⅛	+⅛
13¼	10	Zero Corp	0.40	3.5	18	110	11½	11¼	11⅜	+⅛
38	27¼	Zurn Ind	0.88	3.0	32	123	29⅞	29⅛	29⅝	+⅛
14⅞	12	Zweig Fund	1.15	8.8		181	13	12¾	13	+¼
11	9½	Zweig Tot	0.96	9.1		1588	10½	10¼	10½	+¼

Price data supplied by Telekurs.

Yearly highs and lows reflect the period from Jan 1, excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

4:00 pm prices July 28

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Cal Engy		14	867	12	11⅞	12	
Calprop		0	156	1½	d1⅜	1⅜	-⅛
Can Marc	0.24	13	z100	13½	13½	13¾	
Cambrx A		9	837	7⅝	7⅜	7⅝	+¼
Chambers		10	121	7¾	7½	7¾	+⅛
Champion		33	205	3½	3⅜	3⅜	-⅛
Chiles		0	10	1	1	1	
Perini	0.60	28	22	12⅞	12⅝	12⅞	+⅛
Pet Hl&P	1 14	17	23	15½	15½	15½	
Phil LD	0.21	17	292	41	40⅛	41	+⅞
Vivigen		36	83	15½	15¼	15½	+½
WIRET	1.12	15	49	12⅞	12⅝	12¾	+¼
Worthen	0.05	9	50	21½	21⅛	21¼	+⅛
Xytronix		9	58	8½	8⅛	8⅛	+⅛

NASDAQ NATIONAL MARKET

4:00 pm prices July 28

- X - Y - Z -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Xilinx		24	2156	22¼	21½	21¾	+¼
Xoma Corp		7	873	13¾	13¼	13¼	-½
Yellow Fr z	0.94	22	1350	26	25	25¾	+1¼
York Rsch		3	3055	4¼	3⅝	3¾	-⅜
ZionsUtah	1 44	10	83	57	55½	56½	

AMERICA

Dow rises on Chrysler results and lower yields

Wall Street

IN SPITE OF more bad economic news, US equities posted their second best performance of the year yesterday in the wake of a sharp decline in long-term bond yields and strong second quarter earnings from Chrysler, *writes Patrick Harverson in New York.*

The Dow Jones Industrial Average finished 51.87 up at 3,334.07, the best one-day gain since January 14 and the second largest of the year. The Standard & Poor's 500 advanced 5.96 to 417.50, while the American SE composite put on 2.49 to 384.55 and the Nasdaq composite appreciated 6.90 to 571.63. Turnover on the New York SE was fairly heavy at 219m shares, while rises outpaced declines by more than three-to-one.

Stability on foreign markets set the tone for a solid start to trading, but the buying did not really gather momentum until mid-morning when bond yields plummeted on news of a fall in the Conference Board's latest index of consumer confidence.

Although the confidence figures were bad in economic terms, equity investors were cheered by one of the biggest one-day falls in long-term interest rates this year – a decline that should stimulate activity in the housing market over the coming months.

Technical factors also came into play when the Dow burst above the 3,300 mark, which has been a short-term ceiling for the average recently. After that, computer program buying then kicked in, pushing prices even higher and luring back to the market those investors who have stayed on the sidelines during the recent losses.

Better than expected second quarter earnings from Chrysler also lifted sentiment. The stock climbed $1⅝ to $21¾ in turnover of 4.4m shares in response to net income of $178m, a substantial turnround from the $212m loss incurred at the same stage a year ago.

Mexico's volatile stock market rose 59 or 4 per cent to 1,525.62 by 10.30 am local time yesterday as Telmex reported better than expected results, writes Damian Fraser. Telmex L shares jumped 5.2 per cent on news of a 12.7 per cent rise in first half operating income.

Cemex B shares, down by more than 25 per cent since the company announced its Spanish cement acquisitions earlier in the month, gained 7.34 per cent in heavy trading. Televisa reported earnings up 62 per cent in the first quarter, and it rose 6.3 per cent.

The two other big car manufacturing issues rose sharply on the Chrysler news: General Motors moved ahead $1⅛ to $41⅞ and Ford $1¾ to $45¾, both in heavy trading.

Telmex, the Mexican telephone monopoly, jumped $3¼ to $46¼ in turnover of 3.7m shares after revealing pleasing first-half results.

Tenneco added $2¾ at $39¼ in heavy trading after the oil group announced second quarter net income from continuing operations of 71 cents a share, a reversal of the loss of a year ago.

The Nasdaq market was led higher by hi-tech blue chips such as Apple, up $1¼ at $46½, Microsoft, $1 firmer at $74, and Borland International, $3 ahead at $45.

Everex Systems fell $1⅝ to $2¼ after warning that it would make a loss in its fiscal fourth quarter because of soft sales and weakening margins in the price-competitive personal computer industry.

Canada

TORONTO posted a modest gain in continued moderate trading. The TSE 300 index ended 15.1 firmer at 3,411.5 and advances held a slim 256-to-237 lead over falls after volume of 23.1m shares valued at C$258.1m.

Crab-like Malaysia dispirits investors

The excitement surrounding the recent flotations has evaporated, says **Kieran Cooke**

Malaysia's stockbrokers are a shade dispirited. The excitement of recent big privatisations has evaporated. There appears to be a shortage of liquidity in the market. Speculative investors have been heading for the more interesting money-making grounds of Hong Kong.

"The KL [Kuala Lumpur] Stock Exchange is like a crab," says one broker. "Plenty of sideways movement but not much else."

The KLSE composite index closed at 585.77 yesterday, up 5.7 per cent since the start of the year, but it has lost 3.3 per cent over a 12-month period. This performance is far from bad, especially compared with Tokyo or, closer to home, Singapore, which the KLSE has now supplanted as the biggest bourse in south-east Asia with the exception of Hong Kong.

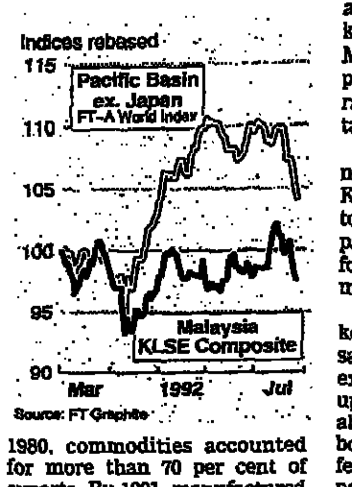
Kuala Lumpur's ascent in the region has been brought about by the heady activity arising from the government's privatisation programme. In November 1990, the government floated a 22 per cent stake in Telekom Malaysia.

In March this year, Perusahaan Otomobil, the Malaysian-Japanese joint venture automobile company – manufacturers of Malaysia's Proton car – came to the market. In May, a 22 per cent slice of Tenaga Nasional, the state electricity utility, was thrown into the arms of eager investors.

The privatisations have transformed the KLSE. Tenaga, capitalised at M$28.8bn ($11.5bn), is now the largest company on the exchange, accounting for more than 14 per cent of total market capitalisation. Together, Tenaga and Telekom account for just under 30 per cent of total market weighting and are larger than the next 15 stocks combined.

Meanwhile, the influence of commodity-associated companies, once the giants of the KLSE, has declined. In 1980, plantations constituted 20 per cent of the market, compared to 7 per cent at present.

The change reflects Malaysia's transformation from a primarily commodity-based to a manufacturing economy. In 1980, commodities accounted for more than 70 per cent of exports. By 1991, manufactured goods, mainly electronics and associated equipment, made up 60 per cent of exports.



Source: FT Graphite

The partial privatisation of Tenaga, Telekom and the Proton company came at an opportune time: Telekom and Tenaga have been placed on the market as the Malaysian economy has been recording 8 per cent-plus growth rates in each of the last five years.

Other companies have taken advantage of favourable market conditions to go private. Mergers and acquisitions have produced powerful new corporate groups, some with important political connections.

While privatisations gave new life and confidence to the KLSE, the index has become top heavy: the 10 largest companies on the market account for about 70 per cent of total market capitalisation.

Mr Lum Ming Jang of brokerage concern K & N Kenanga says: "Tenaga and, to a lesser extent, Telekom tended to soak up the funds that were available. Institutional investors – both here and from overseas – felt they had to have Tenaga as part of their portfolios. In many cases that has meant that holdings in other stocks have been reduced."

The KLSE is heavily dependent on foreign investors: funds from abroad made a substantial contribution to the M$8.6bn raised on the market in 1990, M$3.9bn in 1991 and M$5bn in the first half of this year. But not only is the buoyancy of Hong Kong attracting foreign funds away, some investors are concerned about continuing signs of overheating in the Malaysian economy.

A growing balance of payments deficit and high domestic interest rates have meant that many smaller investors have banked funds rather than risk the stock market. The ringgit has continued to strengthen, particularly against the US dollar, harming export competitiveness.

The market hopes to raise M$5bn in the second half of this year: this includes a M$1.7bn rights issue by the partially privatised Malaysian airline MAS. While it is unlikely that the government would allow such a cash call to fail, smaller companies could suffer as remaining market liquidity is soaked up.

But all is not lost for the market's small fry. In recent days, more funds have been flowing into the less well-known stocks, in part due to market sentiment that the blue chips are slightly overvalued. Perhaps the crab is beginning to move slowly forward.

ASIA PACIFIC

Firmer futures market helps Nikkei recover

Tokyo

HEAVY buying in the futures market helped the Nikkei average register its first gain in three days, *writes Emiko Terazono in Tokyo.*

The 225-issue average closed 53.30 better at 15,426.64. The index fell to 15,200.82 in the early morning, following Monday's decline to another six-year low, but covering of short positions in the futures market prompted support in the afternoon, taking the Nikkei to the day's high of 15,510.54.

Volume shrank, however, from 227m shares to 170m as investors failed to participate and the overall market remained weak. Declines still led rises at the close by 667 to 283, with 143 issues unchanged. The Topix index of all first section stocks ended 3.53 easier at 1,190.41, and in London the ISE/Nikkei 50 index shed 1.54 to 936.18.

Traders said the improvement in the Nikkei was technical, and institutional investors cited the risk of a further fall in share prices as their reason for remaining on the sidelines.

Mr Chris Newton at James Capel commented: "Investors feel that the [discount rate] cut was too little, too late. Mr Shiomichi Kawamoto at Nikko Research Institute said institutional investors would have to see a substantial rise in share prices before deciding to participate. He added that since Japanese individuals tended to place funds in bank savings during an economic downturn, the rate cut had added to worries about a delay in an economic rebound.

Dealers traded in speculative theme stocks. Meiji Milk Products, the most active issue of the day, dipped Y2 to Y892 and Taiyo Fishery lost Y3 to Y431.

Banks firmed on bargain hunting. Industrial Bank of Japan gained Y20 to Y1,620 and Fuji Bank also Y20 to Y1,260. High-technology blue chips were narrowly mixed: Fujitsu firmed Y1 to Y581 on bargain hunting.

Nippon Housing Loan, facing an increasing number of bad loans, improved Y9 to Y174 as rumours that the Finance Ministry would work out a restructuring programme sparked short-covering. The issue had suffered its eighth consecutive fall on Monday, due to worries about its dispute with tax officials.

In Osaka, the OSE average regained 155.65 to 17,576.68 in volume of 19m shares.

Roundup

TOKYO'S mild improvement had little effect on most markets in the Pacific Basin, where Hong Kong was an isolated bright feature.

HONG KONG jumped 2.1 per cent largely on a technical rebound, ending at the day's highs and recouping Monday's losses. The Hang Seng index finished 118.24 ahead at 5,782.63 after selling around midday had temporarily pared strong early gains. Turnover fell to HK$2.61bn from HK$3.43bn.

Buying centred on blue chips but with some interest in second line industrial stocks. Hong Kong Land advanced 40 cents to HK$13.70 and Sun Hung Kai Properties HK$1.35 to HK$31.25. Playmates International put on 20 cents to HK$3.45 and Wong's International 7.50 cents to HK$2.15.

SEOUL rose briefly in the morning on speculation that the central bank would grant a loan to three ailing investment trusts, but retreated to close lower for a third consecutive session. The index lost a net 3.03 to 514.45 in turnover of Won129.9bn (Won121.14bn).

KARACHI recorded further losses after an announcement by opposition parties of a series of anti-government demonstrations, beginning tomorrow, added to the political uncertainty, *writes Farhan Bokhari in Islamabad.*

The KSE-100 index weakened 23.99 to 1,360.95.

SINGAPORE rallied from intraday lows on selective bargain hunting but still closed down on the day. The Straits Times Industrial index was finally off 9.81 at 1,412.53.

TAIWAN extended early losses and the weighted index finished at an 18-month low. The index fell 49.12 to 3,959.10 in moderate turnover of T$22.1bn, against T$23.94bn.

The heavily weighted financial sector declined 1.4 per cent on reports that the government had set a low offer price of T$40 for its planned sales of shares in Chiao Tung Bank and Farmers Bank later this year.

AUSTRALIA was only marginally easier after trading dominated by Pasminco, as CRA and North Broken Peko's after-hours' sale on Monday was passed on to other buyers. The All Ordinaries index closed 0.9 down at 1,605.4.

NEW ZEALAND's NZSE-40 capital index fell 1.2 per cent, mainly as a result of sharp falls in Telecom, Fletcher Challenge and Carter Holt Harvey. The index slid 19.08 to 1,531.42 in volume of just NZ$16m.

BANGKOK's SET index slipped 2.37 to 732.57 in moderate turnover of Bt5.24bn. Thai Airways receded Bt2 to Bt53.50 on institutional selling.

SOUTH AFRICA

A firmer gold price and forecasts that support for next week's ANC's mass action campaign will fall short of expectations lifted Johannesburg in the afternoon. Golds rose 11 to 1,110 and the overall index added 20 to 3,366.

EUROPE

Allianz and Daimler drag Frankfurt lower

BAD news from the corporate sector dealt a blow to Frankfurt's recovery hopes, *writes Our Markets Staff.*

FRANKFURT weakened after the insurer Allianz reported disappointing 1991 earnings, due to its first ever underwriting losses, mainly at its US subsidiary.

Shares in Allianz lost more than DM50 in the pre-bourse, fell steadily during the session and closed down DM62, or 3 per cent, at DM1,955, just off an intraday year's low of DM1,951.

The news depressed sentiment, with the FAZ index 2.6 lower at 640.96 by midsession and the DAX index losing 7.45 to 1,610.64. Turnover rose to DM4.5bn from DM4.2bn.

The market sank further into gloom following the publication of June German new car sales. Lower sales of Mercedes cars pulled Daimler down by DM11.50 to DM689.50.

The data reaffirmed Volkswagen's grip on the domestic car market although its shares followed the day's downward trend, shedding DM2.20 to 352.30. Porsche lost DM12 to DM500.

The banking sector was helped by some good first half figures from Bayerische Hypobank, up DM3 to DM373, as the market awaited today's results from Commerzbank, which was DM2.20 stronger at DM239.20.

AMSTERDAM rose as the chemical sector climbed in technical trading ahead of tomorrow's half-year results from DSM. The CBS Tendency index put on 0.5 to 115.1.

DSM advanced Fl 1.70 to Fl 99.40 while Akzo performed even better, rising Fl 4.60 to Fl 138 but in low volume.

Fokker sank further, losing Fl 1.60 to Fl 25.90 as minority shareholders continued to sell the stock following Dasa's takeover of the aircraft manufacturer. There were reports that Dasa would offer the Dutch government up to Fl 40 per share for its 32 per cent stake.

A report that Elsevier's newspaper publishing division was failing to meet profit targets took its shares to a year's low, down Fl 2.20 or 2 per cent to Fl 103.50.

PARIS rose for a second day but trading remained thin and there was little corporate news for the market to chew on. The CAC-40 index finished 13.65 higher at 1,769.00 in turnover of just FFr1.6bn.

Among the most active stocks, Alcatel Alsthom jumped FFr11 to FFr620 while BSN continued to fall, losing FFr14 to FFr1,019. Euro Disney fell a further FFr1.55 to FFr93.20.

Remy Cointreau, the drinks company, jumped FFr10 or 6.3 per cent to FFr168 but the rise came in low volume of 11,750 shares.

MILAN underwent a technical rebound as dealers covered their short positions but dealers said that the market remained on a downward path. The Comit index rose 1.63 to 400.01 in turnover estimated at L80bn after L77bn.

Fiat was fixed just L1 lower at L4,408 but rose to L4,460 on short-covering after hours.

STOCKHOLM continued to recover but turnover remained thin at SKr161m after SKr159m as the summer holiday season progressed. The Affärsvärlden General index rose 12.9 to 854.7. Skandia rose SKr2 to SKr93.5 on hopes that a solution was in sight to the battle between Skandia and UNI Storebrand of Norway for control of the Swedish group.

ZURICH rose in quiet trading. The SMI index improved 15.5 to 1,777.4. Banks and insurers were again the day's most active issues with UBS bearers up SFr11 at SFr698 and Winterthur bearers and registered shares adding SFr80 and SFr60 respectively to SFr2,960 and SFr2,760.

OSLO was lifted by a recovery in Norsk Hydro, up NKr2.5 to NKr149, as the all-share index rose 6.22 to 386.52 in turnover worth NKr190.3m. Hafslund, due to report first half figures today, saw its A shares close NKr2 higher at NKr156.

VIENNA recovered slightly as the ATX index gained 7.75 or 1 per cent to 773.52 in low volume. Austrian Airlines went against the trend, losing Sch70 to Sch1,730.

ISTANBUL took profits as banks announced lower deposit rates. The 75-share index closed down 44.05 at 4,166.00.

FT-SE Eurotrack 100 - Jul 28

Hourly changes

Open	10.30am	11 am	12 pm	1 pm	2 pm	3 pm	close
1059.32	1060.65	1060.48	1059.15	1059.16	1058.73	1060.40	1058.38

Day's High 1061.41 Day's Low 1058.38

Jul 27	Jul 24	Jul 23	Jul 22	Jul 21
1056.98	1052.53	1059.53	1060.97	1075.64

Base value 1000 (26/10/90).

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie *in conjunction with the Institute of Actuaries and the Faculty of Actuaries*

NATIONAL AND REGIONAL MARKETS — Figures in parentheses show number of lines of stock	TUESDAY JULY 28 1992 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div Yield
Australia (69)	141.29	+0.0	108.62	113.96	108.28	126.26	−0.1	4.32
Austria (19)	152.40	+0.9	117.16	122.93	116.79	116.95	+0.4	2.50
Belgium (42)	146.26	+0.4	112.44	117.96	112.08	109.83	−0.3	5.60
Canada (114)	127.39	+0.2	97.94	102.75	97.62	109.59	+0.1	3.19
Denmark (35)	240.24	−0.7	184.69	193.77	184.10	185.42	+0.0	1.89
Finland (15)	70.47	+0.2	54.18	56.84	54.00	59.76	−0.4	2.36
France (104)	158.08	+1.4	121.53	127.50	121.13	123.49	+0.9	3.80
Germany (65)	120.62	+1.1	92.73	97.30	92.43	92.43	+0.4	2.46
Hong Kong (54)	241.32	+2.3	185.52	194.64	184.94	239.70	+2.3	3.42
Ireland (16)	157.28	+0.1	120.90	126.84	120.51	122.59	−0.4	4.31
Italy (78)	62.07	+1.3	47.72	50.07	47.57	51.68	+0.6	4.04
Japan (473)	91.79	−0.1	70.57	74.04	70.35	74.04	−0.2	1.15
Malaysia (69)	238.01	−0.8	182.98	191.97	182.39	229.17	−0.8	2.74
Mexico (18)	1303.41	−3.0	1002.03	1051.30	998.84	4438.40	−2.9	1.35
Netherland (25)	159.72	+0.8	122.79	128.83	122.40	121.19	+0.2	4.63
New Zealand (14)	45.69	−1.7	35.13	36.86	35.02	44.43	−1.6	5.11
Norway (23)	171.72	+2.9	132.02	138.51	131.60	135.13	+2.3	1.87
Singapore (38)	202.12	−0.6	155.38	163.03	154.89	150.33	−0.8	2.20
South Africa (61)	197.22	+1.3	151.62	159.07	151.13	168.22	+0.5	3.07
Spain (49)	136.91	+0.1	105.25	110.43	104.92	97.55	−0.3	6.02
Sweden (29)	187.52	+2.4	144.16	151.25	143.71	148.59	+1.7	2.74
Switzerland (62)	111.94	+1.8	86.06	90.29	85.79	90.46	+1.1	2.37
United Kingdom (228)	181.87	+1.7	139.82	146.68	139.36	139.82	+1.0	5.32
USA (522)	170.11	+1.4	130.78	137.22	130.37	170.11	+1.4	2.94
Europe (790)	147.04	+1.4	113.04	118.60	112.69	113.26	+0.8	4.27
Nordic (102)	175.44	+1.8	134.87	141.50	134.44	132.61	+1.2	2.37
Pacific Basin (717)	98.58	+0.0	75.79	79.51	75.55	80.52	+0.0	1.53
Euro – Pacific (1507)	118.18	+0.7	90.85	95.31	90.56	94.06	+0.4	2.91
North America (636)	167.43	+1.3	128.72	135.06	128.33	165.99	+1.3	2.95
Europe Ex. UK (562)	125.87	+1.2	96.76	101.54	96.48	97.69	+0.6	3.52
Pacific Ex. Japan (244)	165.48	+0.6	127.22	133.50	126.83	147.72	+0.6	3.63
World Ex. US (1700)	120.06	+0.7	92.30	96.85	92.01	96.44	+0.3	2.91
World Ex. UK (1994)	131.68	+0.9	101.24	106.22	100.92	116.80	+0.7	2.81
World Ex. So. Af. (2161)	135.66	+1.0	104.29	109.43	103.97	118.46	+0.8	2.92
World Ex. Japan (1749)	160.54	+1.3	123.42	129.50	123.04	144.80	+1.0	3.45
The World Index (2222)	136.02	+1.0	104.57	109.71	104.24	118.92	+0.8	2.92

NATIONAL AND REGIONAL MARKETS	MONDAY JULY 27 1992 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 1992 High	1992 Low	Year ago (approx)
Australia (69)	141.33	109.39	114.08	109.00	126.33	153.68	140.94	148.17
Austria (19)	150.98	116.86	121.88	116.45	116.48	186.70	150.55	175.78
Belgium (42)	145.74	112.91	117.64	112.41	110.16	152.27	135.87	127.69
Canada (114)	127.10	98.37	102.59	98.02	109.43	142.12	124.32	140.25
Denmark (35)	238.61	184.68	192.61	184.03	185.38	273.94	226.81	242.45
Finland (15)	70.36	54.46	56.80	54.27	60.00	89.80	70.36	99.60
France (104)	155.84	120.62	125.79	120.19	122.41	168.75	148.06	128.95
Germany (65)	119.36	92.39	96.36	92.06	92.05	129.69	114.67	106.44
Hong Kong (54)	235.97	182.64	190.47	182.00	234.42	259.55	176.36	167.45
Ireland (16)	157.08	121.58	126.80	121.15	123.07	173.71	151.78	154.76
Italy (78)	61.30	47.45	49.48	47.28	51.39	80.86	61.30	74.07
Japan (473)	91.87	71.10	74.15	70.86	74.15	140.95	88.70	131.30
Malaysia (69)	239.86	185.65	193.61	184.99	231.00	250.47	212.49	226.46
Mexico (18)	1344.35	1040.52	1085.17	1036.85	4571.94	1789.77	1303.41	1121.70
Netherland (25)	158.42	122.61	127.88	122.18	120.93	167.29	147.88	138.64
New Zealand (14)	46.48	35.97	37.52	35.85	45.17	48.52	42.01	48.44
Norway (23)	166.86	129.15	134.69	128.69	132.09	192.95	161.26	194.81
Singapore (38)	203.40	157.43	164.19	156.87	151.47	229.63	192.76	196.27
South Africa (61)	194.70	150.70	157.16	150.16	167.38	263.60	194.69	241.36
Spain (49)	136.75	105.84	110.39	105.47	97.80	161.72	136.49	147.13
Sweden (29)	183.19	141.79	147.88	141.29	146.04	200.28	173.09	189.76
Switzerland (62)	109.91	85.07	88.73	84.78	89.50	113.88	95.99	92.43
United Kingdom (228)	178.81	138.40	144.32	137.90	138.40	200.07	165.85	174.06
USA (522)	167.80	129.88	135.46	129.42	167.80	171.66	160.92	156.59
Europe (790)	145.01	112.24	117.06	111.85	112.41	156.88	139.31	138.62
Nordic (102)	172.34	133.39	139.12	132.92	131.09	188.52	169.29	185.56
Pacific Basin (717)	98.55	76.27	79.55	76.01	80.55	141.97	94.40	132.67
Euro – Pacific (1507)	117.34	90.82	94.71	90.49	93.73	145.21	113.80	134.57
North America (636)	165.24	127.90	133.40	127.47	163.83	169.89	158.70	155.50
Europe Ex. UK (562)	124.40	96.28	100.44	95.97	97.34	132.98	121.81	114.45
Pacific Ex. Japan (244)	164.42	127.26	132.74	126.82	146.82	175.31	149.00	146.20
World Ex. US (1700)	119.25	92.30	96.27	91.98	96.13	146.91	116.45	136.46
World Ex. UK (1994)	130.54	101.04	105.38	100.69	115.95	150.58	127.21	139.19
World Ex. So. Af. (2161)	134.36	103.99	108.47	103.64	117.56	153.05	130.04	141.58
World Ex. Japan (1749)	158.50	122.68	127.96	122.27	143.31	165.40	153.20	149.37
The World Index (2222)	134.71	104.27	108.74	103.90	118.02	153.70	130.66	142.23